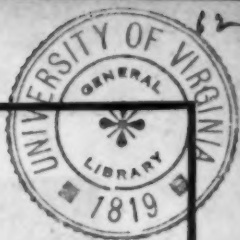


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# Lloyds Bank Limited

## MONTHLY REVIEW

APRIL 1935



# Lloyds Bank Limited

Head Office: 71, LOMBARD STREET, LONDON, E.C.3



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# Lloyds Bank Limited

The Bank of the British Empire



ESTD 1877

Capital £10,000,000  
Reserves £1,000,000  
Total Assets £11,000,000  
Total Liabilities £11,000,000  
Profit & Loss Account for the year ended 31st December 1936  
Income £1,000,000  
Expenses £500,000  
Profit £500,000  
Dividend 5% per annum  
£500,000  
Total £1,000,000



# Lloyds Bank Limited

## Monthly Review

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New Series—Vol. 6

APRIL, 1935

No. 62

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*\*\*Recent developments have brought to the front the question of the stabilisation of the world's leading currencies and this important problem is arousing widespread interest. Lloyds Bank therefore proposes to publish in its MONTHLY REVIEW a series of articles on this question, prepared by writers of different nationalities and expressing various points of view. The first of these articles appears in the current issue of the REVIEW. The Bank is not necessarily in agreement with any of the arguments or conclusions contained in any of these articles.*

### The Problem of Stabilisation

*By Lionel Robbins*

#### I

THERE is probably no question about which there is less clarity of opinion than the question of the best policy to be adopted in regard to the external position of the pound sterling. Yet there is probably no question whose solution is more urgently needed if full recovery is to be achieved. Is the pound to remain indefinitely on an independent paper basis or is it eventually once more to be tied up to gold? If it is to be tied up to gold, is this process to be carried through soon or is it to be deferred to some distant future? If it is to be attempted soon, what form should the stabilisation take? These are problems which, whether we like it or not, must be solved one way or another; and on the way in which they are solved the prosperity of the world may depend. They are problems, therefore, which deserve much more public attention than they have hitherto attracted.

## II

It is fairly clear that, on the question of the ultimate standard, responsible opinion in this country is gradually hardening in favour of gold. It is true that the case for a permanently free exchange still commands much support. And there is no doubt that the idea of a device which would automatically correct discrepancies in the balance of payments and avoid the necessity for awkward internal adjustments, has much which is superficially attractive. A country in which there exists extreme rigidity of wage-rates might well be thought to be likely to benefit from such an arrangement. But the experience of the last few years suggests that it has profound limitations. It is coming to be realised that while it may be quite possible, and not necessarily very harmful to the rest of the world, for small countries acting in isolation to attempt to solve their local problems by such expedients, their general adoption by the big financial centres can only lead to perpetual confusion and instability. The fluctuation of the exchanges of some small raw material-producing centre may actually tend to bring that centre into equilibrium. But the fluctuations of the exchanges of a centre like London or New York are themselves productive of new causes of disequilibrium and are likely to call into being more dislocation than they avoid. This conclusion, which has a strong foundation in the general theory of money, is abundantly verified by the events of our own time. More and more it is becoming clear that international stability is only likely to be fully realised on the basis of stable exchanges between the leading financial centres—that is on the basis of a full return to gold. No doubt to some it is a matter of severe mortification that the economic position of this country does not permit the same degree of financial irresponsibility as the position of some small raw material-producing centre. But these are not considerations which will influence those who realise the solid advantages to the community at large which are the obverse side of the obligations of a position of financial eminence.

## III

To return to gold at some unspecified date seems, then, to be a course which commands the support of prudent men ; and indeed in the last few months the voices of most of the

leading authorities of the City of London have been raised in favour of such a policy. But put in this way the thing has still a very academic flavour. It is doubtful whether at any time the majority of really responsible men have been in favour of anything else. The practical question is not so much whether to go back to gold at all, but whether to go back sooner or later and on what terms.

Unfortunately this is not a question on which there can be said to be any unanimity. There are some who hold that an approach to stabilisation is the first essential of continued recovery. There are others who hold that it should come only, so to speak, as the coping stone of the whole edifice. While European opinion outside this country tends to hold the former view, it is probable that it is the latter which still commands the greater support at home. Certainly it is this view which has found utterance in recent speeches of some of the leading joint stock bankers. What are the main issues involved in this choice between delay and action?

The elements of the case for action are very obvious and simple. The recovery which has taken place during the last two years has been largely a recovery of the home market. There has been some gain in the export markets but not very much. The advantages which might have been expected to follow the undervaluation of sterling have been counteracted, partly by the devaluation of the dollar, partly by the multiplication of quantitative limitations of imports on the part of the countries in which gain might have been expected. And now, for the time being at any rate, the recovery in the home markets seems to have slowed up. There has been little substantial improvement since the middle of last year. We seem to have reached a temporary maximum, with trade in the south of England and the industries catering for the home market fairly brisk, but with the centres in the north still relatively stagnant and the great export industries which in the past have been the mainstay of our wealth, depressed or declining. The situation is not dissimilar from the situation in many other parts of the world. Recovery from the bottom of the slump has been a recovery of the home market. International trade has revived to some extent. But the recovery has not been anything like commensurate.

In such circumstances the obvious course to pursue is surely one which is conducive to a revival of international

business. It would not be correct to argue that a further recovery on the basis of a further retreat to self-sufficiency is inconceivable. But it is certainly improbable and the cost involved would be tremendous. A permanent diminution of international trade involves a permanent sacrifice of all those things which a greater division of labour makes possible. There is no community in the world which would feel the sacrifice more than ours.

But to revive international trade it is necessary to revive international confidence. It is necessary to recreate an atmosphere in which men will enter on international commitments with something of the confidence with which they enter on commitments within their own boundaries. It is necessary to create an atmosphere in which international capital movements take place for reasons of profit rather than for the reasons of safety—the main motives of such movements at present. Such an atmosphere cannot exist in a world of fluctuating exchanges. Until the exchanges of the leading financial centres are stabilised, it is idle to hope for extensive revival of either international trade or international investment. And, as we shall see later on, so long as they remain unstabilised, there is an ever present danger of the disappearance of the recovery that has already taken place.

There is a further argument for stabilisation, less general in application but no less relevant so far as the particular circumstances of Great Britain are concerned; it would tend to eliminate the difficulties and dangers associated with the present régime of ultra-cheap money. It would tend therefore to make future developments less likely to give rise to instability.

What are the difficulties and dangers of ultra-cheap money? It is necessary to be quite explicit on this point to avoid needless misunderstanding.

At the bottom of a great slump there is every reason to expect money to be fairly cheap. Once the strain of the initial crisis is over, there ensues a condition of stagnation in which new borrowers are reluctant to come forward, and established enterprise, from uncertainty as to future developments, prefers to remain in a position of exceptional liquidity. Such a state of affairs is the symptom of the effects of the fundamental malaise which was responsible for the crisis. But

it is at the same time a condition which tends to evoke recovery. Sooner or later the idle money begins to find its way to the bond market. First class securities rise. It then leaks over to the market for good industrials. Eventually the business of new investment recommences. Building activity revives. The first phase of a new cycle of trade activity begins.

Few would question that a position of this sort has its dangers. It is extraordinarily difficult in the most favourable circumstances for recovery to take place without the creation of new malinvestments—new failures correctly to anticipate the future course of demand. But at the same time, few would question the inevitability or indeed the utility of a period of cheap money at such a juncture.

Now to the extent to which the cheap money conditions of recent years in this country have been of this nature—cheap money conditions, that is to say, brought about by the inevitable stagnation of business after a crisis—there can be no doubt that the developments which have resulted have not been unhealthy. The revival in private building, the early stages of the recovery in gilt-edged securities—these are developments which represent the good side of cheap money in recent years.

But it is surely to mistake things completely to regard the total position as regards cheap money as being of this nature. The ultra-cheap money of recent years is due not only to "normal" influences of the kind just discussed, but also to influences of a kind quite peculiar to this depression. It is due to the manipulations of the market which were necessary to carry through the conversion operations at the rate of interest which was chosen. It is due to abnormal risk conditions elsewhere which, despite the instability of sterling, lead foreigners to keep their money in London. It is due to the almost complete cessation of international investment. It is due to the competition of funds which in better conditions of international trade would have found other channels of employment. The cheapness of money in London at the present time is little or no reflection either of normal cyclical influences or of the technical possibilities in a reasonably safe world of straightforward long term investment. It is the product of conditions which are thoroughly abnormal—abnormal as regards the conditions both of supply and of demand.



Such a state of affairs is profoundly insecure. It is productive of changes in the activities of the money market which are not conducive to long run health: the historic function of the discount market has not been to speculate in gilt-edged for a rise. It gives rise to speculative positions which are themselves highly dangerous. And, in so far as the boom it engenders is transmitted to the sphere of production, there is real danger that it may give rise to expectations which in the long run cannot be fulfilled. A shock to confidence, a sudden change in external conditions and the boom would be at an end; and in the dislocation which followed much of the more solid results of recovery might perish with the speculative excesses.

There is a further danger too, which must be mentioned in this connection; the danger that, if such a set-back as we have just imagined were actually to take place, the authorities might be led by political considerations to take remedial measures which would increase still further the underlying disequilibrium and render still more disastrous the eventual termination of the boom. Such fears are surely not without some foundation. Who can be certain, if the pace of recovery continues to diminish as it has done during the last few months, that the Government will not be led to embark upon vast schemes of expenditure, conducive no doubt in the short run to some revival of business, but, in the long run, likely to put us still more out of line with the rest of the world and still further from a sound recovery of private business.

In such a situation, measures conducive to a revival of international trade and investment seem to offer the main hope of escape from the dangers that beset us. If gradually there were to come about increasing activity in the international markets for goods and capital, it is still possible that the unhealthy congestion here at the financial centre might be, as it were, drained off without a setback to confidence. It may be that the damage already done is irreparable and that the causes making for renewed depression later on are now too active to be thus frustrated. At this stage it is impossible to say. It seems clear, however, that the one way in which we might escape from these consequences of ultra-cheap money is through a revival of international economic activity. But that, as we have already seen, is not likely in the absence of international stabilisation.

## IV

If these arguments are correct, the case for commencing the return to a state of stable exchanges is a very strong one. What then are the arguments for delay?

In the early days of the present régime of a paper pound, it was fashionable to say that we could not go back to the gold standard until the various obstacles to international trade in the shape of the more excessive tariffs and the various quota restrictions and licence schemes, had all been swept away. There is no doubt that it was the general prevalence of views of this sort which prevented us from taking any steps towards stabilisation in 1932 when the position of sterling *vis-à-vis* both the dollar and the Gold Bloc was probably more favourable than it is ever likely to be in the future. But at the present time, this particular argument is dropping increasingly into the background. The bitter experience of the World Economic Conference has shown that, unless the future of exchange rates is tolerably certain, it is quite hopeless to expect any substantial abolition of the obstacles to trade. You cannot negotiate about tariff rates effectively unless you have some idea of the future course of values. And you can have no idea of the future course of values unless you can rely upon a more or less steady rate of exchange. After all, many of the obstacles which it would be most desirable to remove, actually came into being because of the difficulties caused by fluctuating exchanges. Until the exchanges have ceased to fluctuate, it is surely futile to hope that they will be removed. To postpone preparation for stabilisation until a disappearance of the present limitations on international trade is to postpone such preparation until the Greek Kalends.

Much more important at the present time than this argument about tariffs is the argument that we cannot begin to stabilise until we are certain that the price levels in the leading countries are in some sort of equilibrium relationship. At present, it is probable that, as a result of the American devaluation, sterling is overvalued as regards the dollar. At the same time there is reason to suppose that it is undervalued as regards the franc and the other European currencies still on gold. Such a state of affairs, it is argued, presents the maximum difficulty for a policy of stabilisation. We cannot risk a repetition of the mistake of 1925. Until these dispari-

ties are wiped out, therefore, there is nothing for it but to mark time. It is probable that it is considerations of this sort which would have inspired the very great reserve which leading bankers have recently expressed regarding the desirability of any immediate return to the Gold Standard.

The argument is weighty. And if it were a question of an immediate return to a definitive Gold Standard it might be held to be decisive. Certainly it is most desirable that nothing that is done to re-introduce the Gold Standard now should be likely to bring upon it the discredit which, rightly or wrongly, has become attached to the stabilisation of 1925.

But as against a move towards stabilisation by way of a much firmer attempt to peg the rate of exchange with gold than has hitherto taken place, the argument does not seem convincing. It is no doubt very true that the present market rates of exchange do not express equilibrium relationships between prices in the different leading countries. But it is doubtful whether if they continue to oscillate they will come any nearer to such a position. The advocates of letting things find their level before we begin to take any step towards stabilisation, seem to ignore the fact that the oscillations of the external value of so important a unit in the international exchange market as sterling cannot be regarded as mere adaptations to a world situation which otherwise remains constant; they are essentially themselves productive of changes in the world situation. Any hope, therefore, of reaching an equilibrium in this way by merely leaving the exchanges to look after themselves is likely to be illusory. So long as there is uncertainty with regard to the future of sterling, so long will the achievement of equilibrium of price-levels or indeed anything else be impossible.

But this is not all. So long as sterling continues to fluctuate in a downward direction—and it is important to realise that it has depreciated in value by over twelve per cent. in the last twelve months—so long there is a very real danger of a substantial worsening both in the international position at large and in our own position *vis-à-vis* other centres. The pressure on the Gold Bloc of the continued depreciation of sterling becomes daily more intolerable; and, sooner or later, if the depreciation goes on, it must lead to an abandonment of their present parities. The fight which countries like Belgium



and Holland in particular, have put up to maintain continuity of the gold value of their respective currencies has surpassed all expectations. But there comes a point at which cost cutting and economy enforced merely to keep pace with the fluctuations of an undervalued currency becomes more than flesh and blood can stand. Sooner or later the process must come to an end.

But this is not an outcome which anyone, least of all ourselves, can contemplate with equanimity. If there were a simultaneous and orderly devaluation of say fifteen or twenty per cent. by all the countries concerned, and if—what is questionable—it could be carried through without grave political disturbance, it is indeed possible that the removal of uncertainty might be a condition making for recovery outweighing the effects of the unfavourable change in sterling values in export markets. But, if the change does come, is it really likely to come with such moderation? Is it not much more likely that, in the absence of deliberate arrangement, the various members of the Gold Bloc will not go off *en masse*, but one by one, fighting desperate rearguard actions? And in any case, if they have once decided to take the plunge, are they likely to be content with such a small reversal of their present relation with sterling? Are they not much more likely to attempt to restore the relation which existed in 1931? Would not that indeed be a suitable *political* pretext for so violent a reversal of policy?

If that happens, then our position may be seriously compromised. In 1931, with 4.86 dollars and 124 francs to the pound, sterling was said to be overvalued. In 1932 this relation was reversed. In 1933 the American President stole our thunder so far as the dollar was concerned. Have things changed so much in 1935 that a return to the old relationships all round could possibly be regarded as comfortable? Is there not very serious danger that the break-up of the Gold Bloc would be simply the prelude to a further period of competitive depreciation in which what little revival of international trade has already taken place would once more be lost, and in which the forces of political instability in Europe, even now in so insecure an equilibrium, would once more be released to imperil what remains of our common civilisation? Such a catastrophe may not happen, but unless definite steps are taken to avert it, it will be merely good fortune if we escape it. We cannot always hope to have the luck on our side.

Moreover, at the present time the internal monetary situation of the chief financial centres is so uncertain, that to make an examination of relative price levels the ground of refusal to stabilise is surely to build completely on sand. In the United States of America there is enough credit available to raise prices if confidence were restored to almost any height deemed desirable. In Great Britain the volume of deposits is as great as that which sustained the price level of the immediately post-war period. The price level in France is the resultant of deflationary apprehensions and the effects of quota restrictions on trade. In a position of such ambiguity, rather than wait indefinitely for mobile exchange rates to adjust themselves to price levels which are also changing, there is much to be said for pegging the rates somewhere not too far from existing levels and allowing the relationships of internal prices to adjust themselves accordingly. There are risks in such a course which are fairly obvious. But they do not appear to be so great as the risks of leaving things as they are.

## V

If this is so, then the case for an active policy of early stabilisation appears to be established. But it is very important to be explicit as to exactly what is involved by this.

It should be quite clear that it does not involve immediate *de jure* restoration of the Gold Standard. It is unlikely that the present Government or any other Government in this country could commit itself to this. Nor, indeed, is it desirable that it should do so. Monetary conditions all over the world are in such a tangle that any approach to *de jure* stabilisation must necessarily be cautious and experimental.

Nor does it involve necessarily any very grandiose international negotiations. The world is sick of ambitious Economic Conferences that discuss everything and achieve nothing. No doubt some degree of understanding between the leading centres is desirable. But this is a relation which can better be achieved in the quiet of the central bank parlours than in the limelight of international conferences.

All that is necessary as a first step to stabilisation is that the British authorities should stop letting the pound sterling

depreciate. They should peg the pound at some figure in its present neighbourhood preferably chosen in agreement with the French and American Authorities, and they should try the experiment of keeping it there for a sufficient length of time for us to be in a position to see whether we can hold it in the long run without undue strain. There can be no doubt that such a policy is possible. It is not true that we are powerless in these matters. There can be no doubt too that it would be welcomed in the other financial centres. It would encourage the authorities in France and elsewhere in their fight against depreciation. And it would strengthen the hand of the President in his resistance to the forces which urge him to devalue. If at the same time it were accompanied at home by a relaxation of the unofficial restriction on free investment it would afford a real opportunity for us to ascertain exactly where we are.

The proposal is a modest one. But it must not be thought that it could be carried out without the abandonment of many of our present habits and expectations. In particular it must be realised that it may not be possible to maintain any particular rate of exchange merely by the operations of the equalisation fund. To maintain a given rate, month in month out, the authorities must be prepared not merely to buy and sell the appropriate amounts of exchange if they are not otherwise forthcoming; they must be prepared also to make the conditions of the market such that the appropriate amounts are forthcoming. This means being prepared to defend the rate of exchange chosen if necessary by Bank Rate and by open market policy. Fluctuations in the resources of the Exchange Equalisation Fund should be treated in the same way as fluctuations in the gold reserve in a centre finally stabilised on gold. If the reserve shows signs of serious depletion, then the rate of discount should be raised and steps should be taken to make it effective. No doubt this sounds disagreeable. We have become so accustomed to the drug of ultra-cheap money, that the thought that to enjoy the benefits of international revival we may be compelled to forego the benefits of ignoring international conditions is very irksome. We like to think that international revival will be super-added to the delights of irresponsibility. We do not see that the failure of international revival to arrive is in part at least the price for the policy we have hitherto pursued. But if there is anything

in the analysis here developed, this is indeed the case. And hence the performance of the duties involved by resuming once more our position of leadership in the world of international business is no penance imposed upon us by a supererogatory financial asceticism, but a first necessity of further recovery, or, indeed, of the avoidance of fresh retrogression.

LIONEL ROBBINS.

*March 21st, 1935.*

## Economics and the Public

**A**N inevitable consequence of the economic and financial dislocation of the war and its prolonged aftermath is that the whole nation has become profoundly interested in economic questions. Up to thirty years ago purely political questions were the centre of controversy. Home Rule, Welsh Disestablishment, Education, Licensing, the House of Lords' veto, Plural Voting and Women's Suffrage, these were among the leading issues of the day. It was only the Tariff Reform campaign of the late Mr. Joseph Chamberlain which brought an economic question to the centre of the stage for the first time for over fifty years, and even then it was only one among several controversies of equal public interest.

Then came the war, only to be succeeded by the troubled years from 1918 to 1935. Life was jerked violently out of its old grooves, and a whole crowd of fresh problems emerged which had to be solved almost from first principles in a world seething with bitter memories, prejudice and passion. Many of these new problems were political, the legacies of the war and the peace treaties, but an even greater number were economic, and for the first time in the history of modern democracy economic and political problems were inextricably combined. A bare list suffices to show the questions which the average politician had to be able to explain to his electorate. He had to have views on monetary policy, including the various forms of the gold standard, the rival claims of gold, silver and paper currency, some at least of the new monetary theories which had been coming to life almost every day, and whether or not his country should remain on gold and at what parity with gold and other currencies. International trade presented another host of problems, of which the old Free Trade and Tariff Reform issue was only one among many of equal difficulty and importance. To-day he must know something at least about import quotas and restrictions, blocked currencies, exchange clearing agreements, most favoured nation treatment and international bilateral commercial treaties. Old controversies surrounding wages, prices and the cost of living have taken on a new and extended lease of life. Is he in favour of stabilising internal prices or the foreign exchanges, or both (if possible !) or neither ? Can he distinguish between money wages and real wages, and how far ought wages to be adjusted to meet changes in the price

level. Is the level of wages and prices such that the pound is over-valued or under-valued, and if so, what does he propose to do about it? Next come questions of the organisation of industry and agriculture. This introduces all the new ideas of planning and the control of production and sales, superimposed upon the old ideas of Socialism and state ownership. Finally there is the ever-pressing problem of unemployment and its remedies, and here the politician must be prepared to discuss public works; spending, saving and investment; interest rates; the southward drift of industry; the substitution of new industries for old; changes in the employable population; and the problem of the depressed areas.

The Scottish Church defines the shorter catechism as being specially intended for those of weaker intellect in the Church, and we assure those who are thinking of embarking upon a political career that we could have made this post-war politician's catechism considerably longer had we so desired. We do not wish to alarm unduly those engaged in public affairs, but we do insist that present-day conditions impose a heavy burden upon economists, statesmen, politicians and the general public.

To begin with it should be clearly understood that economics is not an exact science. Unlike chemistry or some branches of physics it does not lend itself to laboratory experiments in which new theories can be put to a series of practical tests. To continue the scientific analogy, it depends for its study upon a mass of inexact and impure data, which is being added to every day. To quote one of the younger economists, "the great difference is that whereas even the biological sciences can select and isolate for study the facts that they want to consider, the experiment is scarcely open to the economist, whose data are the forms and varieties of human intercourse. It is as if a student of hydrostatics and hydrodynamics had no laboratory for his researches but only a turbulent stream in which he himself was floating. Small wonder that opinions differ among scientists so handicapped."\*

In other words, least of all sciences does economics permit of or justify dogmatic one-sided expressions of opinion.

This imposes many duties upon layman and economist alike. Both must begin by realising that economics is a difficult subject, which does not lend itself to dogmatic

\* "Economics of a Changing World." H. V. Hodson. London: Faber & Faber.



conclusions. Next before forming an opinion on a question, both must take all the relevant facts and considerations into account, and not only those facts which support their case or conform to a predetermined point of view. Above all they must realise that all questions of economics depend ultimately upon human nature. It is not how people ought to react in a perfect world, but how they actually will react in the world as it is to-day.

Even after they have taken all the relevant factors into account and have reached the point where they can safely seek a decision, their task is by no means over. In few questions is the balance of advantage wholly upon one side, and as a rule the pros and cons must be carefully weighed against each other before the decision is reached. In particular an enthusiastic insistence upon obvious gains must not obscure due allowance for less apparent but possibly greater losses.

These arguments appear to make for greater complication, and in one sense this is true. Yet the layman equally with the economist must refuse to be tempted into elaborate theories which are still imperfectly understood. Instead, whatever the complexity of the problem to which he is introduced, he must always seek to split it up into its component parts and to get down to first principles. Then, and only then, will he find that much of the argument with which he is presented is meaningless verbiage, and that the basic principles are fewer and simpler than he expected.

All this is particularly difficult for the politician, the public speaker or the journalist. The time (or space) at his disposal is always limited, and so is the patience of his audience and its capacity to absorb a chain of economic inferences and conclusions. Both speeches and articles must essentially be brief and clear-cut, and this makes it very difficult to avoid sweeping conclusions or to include essential qualifications and reservations. Yet the task must be faced if the country is to be wisely and honestly led, and the failure to perform this task accounts for much of the economic clap-trap which is current to-day.

As an example of some of these points, take the very controversial question of home production and foreign competition. To-day, the argument often starts with a categorical statement by some leader of a particular industry to the effect that if only that industry enjoyed a higher tariff, it could produce

and sell more goods at a lower cost and employ more men. So far, so good. The leaders of that industry are best qualified of all to give expert advice on such vital matters as the relation of employment to output, output to costs, costs to selling prices, and prices to sales. Here they have a definite contribution to make, and they should receive full attention.

The danger is that they have a purely specialised outlook on a question which must be considered in general terms. Before a final opinion is formed, due regard must be had to the needs of totally different industries. Suppose the tariff was raised for this particular industry, what foreign competitors would be affected? How would it react upon those countries' tariff policy, their purchases of British goods, or upon our own export trade or international trade and finance generally? All these are questions of vital importance to the country as a whole, upon which the leaders of the industry seeking a higher tariff are not necessarily qualified to express an opinion. Indeed they often ignore these wider considerations.

This example is a clear case for the necessity of balancing obvious gains against less apparent losses. The economist who is trained to regard the internal and external trade and finance of the country as a whole, should be in a position to point this out, and to insist that a true balance be struck before a decision is reached by those responsible for the tariff policy of the country. Yet even the economist is at times guilty of the very offence which his training should save him from committing.

The economist, as distinguished from the layman, has a special duty to perform. To begin with he must never lose sight of the fact that his science is inexact and that fresh data are being collected every day.

Next he must remember that his science rightly excites keen public interest. The public to-day are deeply concerned in decisions based on economic questions, and are only too anxious to learn. This brings us to one of the hardest lessons that the economist has to learn. It is that all discussions or writings designed for public consumption must be written in language which the public can understand.

Whenever scientists meet together there is a great temptation to invent and use technical terms. They are a convenient shorthand, and in discussions between experts they save much time and trouble. Yet even when used among experts, each



technical term must have a single, precise meaning. Most economists will admit that in their own science not every term has yet entirely reached this ideal, and that there is still need for standardisation and closer definition.

In public discussion, economic technical terms are employed far too loosely and freely, and it is essential that language should be made much simpler and more intelligible. Even such apparently simple words as "money," "wealth," "value," and "price" are each given several conflicting meanings, most of which are misleading or definitely wrong. The trouble is that so soon as economists begin to bandy technicalities in public the layman begins either by failing to understand what the economist is driving at, or, worse still, he draws a series of wrong conclusions. Next the layman begins to use the same technical terms himself and makes a hopeless muddle of them. In this way economists can only blame themselves for much of the confusion of thought which exists to-day, and for the many crank opinions which are being spread abroad.

It might not be a bad thing if both the layman and the economist thought a little more, discussed in private a little more, and said in public a little less. Democracy is undoubtedly the only fair form of Government, but democracy cannot function wisely or efficiently if it is continually presented with half-baked inferences and opinions. The difficulty is that decisions upon economic questions have ultimately to be taken by the Government of the day, which is responsible directly to Parliament and indirectly to the electorate, and a system of Government of this kind is not always well equipped to weigh in the balance intricate economic issues.

Public opinion should be taught that there is rarely a simple answer to an economic question. Almost always gains and losses have to be assessed and a final balance struck. It is not easy for a Government subject to political or sectional pressure to approach a question in this judicial frame of mind, and it is still less easy for a member of Parliament who won by a narrow majority in a traditionally doubtful seat. The fact is that there is need for more thought and reasoned discussion and less partisan argument and dogmatism. There are few economic theories that can safely be accepted to-day without a thorough, dispassionate and impartial investigation.

### Notes of the Month

*The Money Market.*—During the past month the decision of the clearing banks not to buy bills at less than  $\frac{1}{2}$  per cent. has been gradually taking effect. Immediately after it came into force on February 22nd, the average tender rate for Treasury bills rose from 4s. 11·80d. to 8s. 4·15d. per cent., while the market rate for three months' Treasury bills rose from  $\frac{7}{8}$  to  $\frac{7}{16}$  per cent. These rates were still below  $\frac{1}{2}$  per cent. and so the banks refrained from buying. As March progressed the banks still held off the market, and as other buyers filled their needs rates began to harden. Finally, on March 22nd, the tender rate rose to 10s. 1·04d. per cent., while the following week three months' Treasury bills were quoted at practically  $\frac{1}{2}$  per cent. By this time bills of various maturities were beginning to be offered to the banks at  $\frac{1}{2}$  per cent. The rate for three months' bank bills has also risen from  $\frac{5}{16}$  to  $\frac{9}{16}$  per cent. Several factors have helped to establish this minimum discount rate of  $\frac{1}{2}$  per cent. Revenue collection has continued to take money off the market, and Government dividend payments on March 1st only afforded partial relief. As a result money has not been quite so plentiful, especially as more bills have had to be taken up outside the clearing banks. For these reasons, there is practically no money available at  $\frac{1}{2}$  per cent., and more money has been borrowed from the clearing banks at their minimum rates of  $\frac{1}{2}$  per cent. against eligible bills and 1 per cent. against other bills and bonds. The seasonal spring reduction in the Treasury bill issue has also reached its end. On March 16th the weekly allotment of Treasury bills was increased from £30 to £35 millions, raising the total tender issue from £357 to £360·1 millions, and a further £35 millions were allotted the following week, raising the tender issue to £360·4 millions. The clearing banks are also not tendering for Treasury bills at present. With more Treasury bills coming into the market it becomes easier to prevent discount rates from falling. The net result of the developments since October is that the clearing banks now lend at  $\frac{1}{2}$  per cent. against bills eligible for discount at the Bank of England, and at 1 per cent. against other forms of collateral. They will not buy bills at less than  $\frac{1}{2}$  per cent. This puts the discount market on a  $\frac{1}{2}$  per cent. basis, and in

practice bill-brokers are now able to earn a small profit from the margin between the average yield on their bills and other assets and the average cost of their loans. The market is in a much healthier condition than it was early in the year, when bills could only be carried at a loss.

*The Foreign Exchanges.*—The London market has been in an unsettled condition. Periods of activity were intermingled with periods of extreme dullness, when few dealings were recorded, but throughout most of March the leading rates were always liable to undergo wide fluctuations almost without warning. The pound had been sagging during most of February, and by the end of that month traders had begun to mistrust the immediate future of sterling. The result was that heavy commercial buying of francs, dollars and other currencies developed during the first week of March, and it is estimated that during a few days some British importers covered their exchange needs for several weeks ahead. The British Control did not make any sustained attempt to off-set their buying, and the result was that between February 28th and March 7th sterling fell against the dollar from \$4.85½ to \$4.74½, and against the franc from Frs.73 to Frs.71. Simultaneously the franc strengthened against the dollar, and at one time the Paris-New York cross-rate was down to Frs.14.98, or to not far above the gold export point from New York. The following week sterling stiffened, as it was by then becoming apparent that weaknesses were developing in the gold *bloc*. The pound improved to \$4.75½ and Frs.72, while the franc-dollar rate rose to Frs.15.12½. Dealings in forward belgas also became very difficult, as the Belgian banks became reluctant to buy. At the end of that week came the German conscription declaration. This plunged the world's foreign exchange markets into a fresh state of uncertainty, and on March 18th sterling depreciated and the gold currencies improved. Events, however, were by then moving fast in Belgium, for on the same day, the Belgian Government announced a series of exchange restrictions, prohibiting the export of capital, and placing all dealings in foreign exchange and gold under strict control. The following day the Government resigned, and attempts were initiated for the formation of a new Government. Meanwhile dealings in belgas became very restricted, partly because it took time to find out what the new restrictions meant, and partly because

no one knew whether or not Belgium would remain on gold. This monetary uncertainty, superimposed upon the prevailing political uncertainty in Europe, affected the whole of the gold *bloc* currencies. By March 21st sterling in Paris had improved to Frs.72½, while the dollar had risen to Frs.15·17½. The rise in the latter rate since early in the month was particularly striking, for at Frs.15·17½ it almost pays to ship gold from Paris to New York. Belgas naturally fell to a heavy discount in Paris, and at the moment of going to press the outlook for the belga was most uncertain. The whole month has been extraordinarily difficult for operators, and it is not surprising that at times business was reduced to a minimum.

*The Stock Exchange.*—Markets have been subject to psychological influences, mainly of an unfavourable character, and prices have had a steady downward trend. International political developments have naturally played the predominant part and have given rise to a considerable feeling of nervousness. The outlook for the budget has also come to be viewed on the Stock Exchange with less equanimity. At the new year there were hopes that further tax remissions would be made in the budget, but by the middle of March the impression had gained ground that any increase in revenue on the present basis of taxation would be absorbed by fresh expenditure. The February decline in prices of British Government securities, in the face of the bank buying revealed by the clearing bank average statements for that month, also unsettled the gilt-edged market, for it was thought to indicate heavy selling by large private holders. Home railway stocks have at times shown signs of recovery, but the general trend has been downwards, partly because current traffic returns are below those of a year ago. In the industrial market prices have to some extent been held up by the publication of a succession of good company reports, but even so there has been a slow decline in prices. Iron and steel shares reacted on the prospects of the devaluation of the belga and fresh competition from the Belgian steel industry, but improved on the news of the increases in the British tariff and the progress of negotiations between the British steel industry and the International Steel Cartel. In the more specialised markets tea shares have been weak, and tin and rubber shares have suffered from the decline on the commodity markets. Copper shares are a little better, as a result of the meeting of

an International Conference in New York to discuss restriction. Gold-mining shares have failed to follow the decline of the pound and the rise in the sterling price of gold, and there has been a certain amount of professional selling.

*Overseas Trade.*—Comparing February with January, imports have fallen from £61·9 to £56·3 millions, and British exports from £35·5 to £34·1 millions. This decline, however, largely reflects the difference in the lengths of the two months, and when allowance is made for this it appears that our overseas trade has been well maintained. In comparison with last year, imports have fallen from £57·4 to £56·3 millions, while British exports have risen from £30·1 to £34·1 millions. Allowing for the decline in re-exports from £5·2 to £4·4 millions, the adverse trade balance for February has decreased from £22·1 to £17·8 millions. From the point of view of our foreign exchange position this is a move in the right direction, but unfortunately one cause of it is the contraction from £18·2 to £16·2 millions in our imports of raw materials. This contraction, however, is largely confined to the raw cotton and raw wool imports, and in the latter case at least is partly due to the year's decline in prices. Other raw material imports are mostly higher than a year ago. The increase in British exports since last year is very satisfactory, particularly as it is well spread over the whole of our overseas trade.

| Description.                              | Jan.-Feb.,<br>1934. | Jan.-Feb.,<br>1935. | Increase (+)<br>or<br>Decrease (—) |
|---|---------------------|---------------------|------------------------------------|
|   | £ mn.               | £ mn.               | £ mn.                              |
| Total Imports ... ..                      | 121·9               | 118·1               | —3·8                               |
| Retained Imports ... ..                   | 112·6               | 108·7               | —3·9                               |
| Raw Material Imports ... ..               | 39·5                | 35·9                | —3·6                               |
| Manufactured Goods Imports ... ..         | 27·1                | 27·8                | +0·7                               |
| Total Exports, British Goods ... ..       | 61·7                | 69·6                | +7·9                               |
| Coal Exports ... ..                       | 5·1                 | 5·0                 | —0·1                               |
| Iron and Steel Exports ... ..             | 4·8                 | 5·6                 | +0·8                               |
| Cotton Exports ... ..                     | 9·8                 | 10·6                | +0·8                               |
| British Manufactured Goods Exports ... .. | 46·8                | 54·3                | +7·5                               |
| Re-exports ... ..                         | 9·3                 | 9·4                 | +0·1                               |
| Total Exports ... ..                      | 71·0                | 79·0                | +8·0                               |
| Visible Trade Balance ... ..              | —50·9               | —39·1               | +11·8                              |

Taking January and February together, imports have fallen since last year by £3·8 millions, while exports of British goods have risen by £7·9 millions. There has been a decline of £3·6 millions in raw material imports. This, again, is



more than explained by the shrinkage in our imports of raw cotton and wool. The increase in exports is also very well spread. The general impression left by the returns is that, except for some slight set-back in the textile trades, our overseas trade compares well with that of last year, but it is questionable whether we will make as rapid progress in the future as we have in the recent past.

*Commodity Prices.*—During March there was a general decline in world commodity prices. This was mainly due to political unsettlements, which always have a deterrent influence upon buying, but there were also one or two special causes, such as the belief in the United States that the Government's scheme of granting loans against cotton was on the point of breaking down. In England the average fall in wholesale prices between the last week of February and the third week of March amounted to 2·6 per cent., which is a relatively heavy movement for so short a space of time. The decline was most noticeable in meat, cotton, and miscellaneous industrial materials. American wholesale prices have also undergone a set-back after their recent rise, and during the period under review fell by 1·3 per cent. The decline, however, is less than that of British wholesale prices. French prices fell during the first fortnight of March by 0·8 per cent. Retail prices in England have been subject mainly to seasonal influences. The official cost-of-living index number fell during February from 42 to 41 per cent. above its July, 1914, level, these figures comparing with an index number of 40 for the end of February, 1934. Retail food prices fell from 24 to 22, the figure for March 1st, 1934, being 20. After allowing for seasonal changes, the cost of living has remained practically unaltered since the beginning of December.

*The Revenue Returns.*—According to the returns for March 16th, which were the latest available on the date when this issue of the REVIEW went to press, revenue and expenditure for the year 1934-35 appeared likely to balance, with perhaps a small margin for debt redemption. Ordinary revenue up to March 16th amounted to £681·4 millions, against an original budget estimate for the complete year of £706·5 millions. This left a gap of £25·1 millions to be filled during the last fortnight of the year. Income tax had yielded £218·5 millions up to March 16th, and was only one million short of the whole year's estimate. Sur-tax amounted to £46·1

millions, leaving £3.9 millions still to be collected to achieve the estimate, but estate duties at £77.2 millions had already exceeded the year's estimate of £76.0 millions. Stamps, however, had only yielded £20.5 millions, against the year's estimate of £25.0 millions. Customs duties had come in well, having yielded £178.0 millions and leaving £5.6 millions still to be collected. Excise was also satisfactory at £100.2 millions, or £6.1 millions short of the year's estimates. Taking ordinary revenue as a whole, it had become clear by March 16th that the year's estimates were being well realised.

On the expenditure side supply services had required £454.9 millions up to March 16th, against original and supplementary estimates of £479.6 millions. National debt interest and management had absorbed £209.9 millions out of an original estimate of £226 millions. Even after allowing for final adjustments during the last fortnight of the year, it seemed likely that the estimates would not be exceeded. Total ordinary expenditure, excluding sinking fund payments, amounted to £675.9 millions, against the year's estimates of £715.8 millions. Comparing actual ordinary revenue and expenditure to March 16th, a surplus of £5.5 millions had already been realised. Sinking fund payments up to March 16th included £10.5 millions to the new sinking fund and £15.1 millions to the old sinking fund. The fact that up to that date the Government had allotted £25.6 millions to debt redemption suggests that a surplus for the year was anticipated. The budget for 1935-36 is to be opened on April 16th. In certain respects the new year's estimates point to an increase in expenditure, amounting perhaps to a little over £15 millions. It remains to be seen what view the Chancellor and his advisers take concerning the new year's revenue on the basis of existing taxation.

## Home Reports

### The Industrial Situation

Home trade is well maintained at its level of recent months. The upward trend for the moment seems to have come to an end, but there is no sign of any general set-back, and most of the indications point to greater activity than existed a year ago. February pig-iron production was reasonably good, and steel production was better. The recent increases in the tariff should be of assistance, but if any depreciation occurs in the belga, Belgian competition may become intensified. The coal trade is irregular, and varying reports are received from the different districts. In comparison with last year, February raw material imports in most cases registered increases in volume, but there was a definite falling-off in imports of raw cotton, raw wool and silk. The textile trades are perhaps the least satisfactory in the country to-day. Railway traffic returns are slightly below the level of a year ago, but the shrinkage is not serious. The February improvement in employment was sufficient to remove any fears of a general set-back in trade. The latest retail trade returns show an increase of 4.9 per cent. over a year ago, and this evidence of an increase in consumption is confirmed by other indications. Thus more bank-notes are in circulation than a year ago, and Metropolitan, Country and Provincial bank clearings also register advances.

The international trade outlook is clouded by recent political developments, and this may account for the recent decline in wholesale prices, which has spread to Great Britain. The outlook for the gold *bloc* has become less assured, and if it breaks up and if one or more of its members allow their currencies to depreciate, fresh competitive elements will be introduced into international trade; some of these may react upon the internal British market. Then again, there is the recent change in the political relations between Germany and other countries. It would be wrong to take a pessimistic view at present, but it must be admitted that it is now less easy to see far ahead, and this may induce traders to exercise caution.

### Agriculture

*England and Wales.*—According to an official report, work was generally well forward at the end of February.



Except on the lighter soils spring sowing had not been started, owing to the heavy rain experienced during the latter part of the month. Autumn-sown crops are generally looking well and have not suffered any damage from the frost. Where lambing has begun the fall has been satisfactory and the lambs are strong and healthy. The outlook for lambing among hill sheep is promising. Cattle have done well and milk yields have been up to average. Sheep also have done fairly well and those on turnips have made good progress, though they have suffered in some cases from the wet conditions.

*Scotland.*—The open weather during March has enabled farm work to proceed practically without interruption. Sowing and planting are now general and are being carried out under favourable conditions. Vegetation is already showing considerable signs of growth, and wheat continues to make steady progress. In the produce markets all classes of grain have been dull, with barley almost unquotable in certain markets save for finest qualities. Potatoes show no improvement. In the live-stock markets both fat cattle and sheep have come forward in larger numbers and trade has been rather better for prime qualities. Store cattle have met with a mixed reception, but there was an improved demand for younger classes and prices have been steady. There has been a keen demand for store sheep, with prices ruling high.

## Coal

*Hull.*—There is no improvement in enquiry. In consequence of curtailed outputs, however, prices generally rule very steady.

*Newcastle.*—The market has been dull, with little demand from abroad. Sales of gas and coking-coal have been particularly disappointing. Best steams and sized coal have been largely booked for the home markets, and this has helped the position materially. Gas coke is in good demand, but other descriptions are quiet. The agreement renewed with the Continental makers is expected to assist in maintaining prices.

*Sheffield.*—Household fuels are on the quiet side. The export coal market shows little improvement. Demand for prompt shipment is rather flat, but there are more enquiries for forward delivery. The total volume of business, however, is below normal.

*Cardiff.*—Conditions in the South Wales coal market are practically unchanged. All classes of Admiralty and Monmouthshire large coals are readily obtainable. Stocks are heavy, and in some cases collieries are only working part time. Sized coals, however, are in strong demand, and supplies are scarce. Forward business is quiet and buyers continue to purchase very sparingly.

*Newport.*—The restrictions on imports into Italy are having very serious effects on the South Wales coal trade. In 1931 Italy took an average of 13,500 tons of coal per week from Newport, while last year the average was only 3,200 tons, and in February the weekly average fell to 2,400 tons. Foreign shipments in February amounted to 176,000 tons against 166,500 tons in January and 148,000 tons in February last year. This is the best total since last August. Total dock shipments, foreign and coastwise, remained at practically the same level as in January and were only about 700 tons per week more than in February, 1934. Coke exports during February were 400 tons against 270 tons in January and 400 tons in February last year.

*Swansea.*—Very quiet conditions prevail in the anthracite market. Enquiry from the Continent is poor, and even popular grades are moving slowly, although prices are being maintained. The Canadian season is now beginning, and firmer prices are expected.

*East of Scotland.*—In both Fife and the Lothians first-class steams continue to be in good demand and supplies are readily taken up. In Fife at the middle of March output was booked up for a fortnight ahead. Business in third-class steams has also been satisfactory on both sides of the Forth, but all classes of washed fuels, especially trebles and doubles, remain dull.

*Glasgow.*—Collieries in Scotland continue to be active. Large coal is in strong demand in all production areas, and in many cases collieries find it difficult to cope with the requirements owing to quota limitations. Screened coals are being freely absorbed, mainly on home account, in Lanarkshire and Ayrshire. Day-to-day business with importers on the Continent is of very restricted volume, and shipments are mainly in fulfilment of outstanding contracts. Producers of washed coals are comfortably provided with orders, and prices are comparatively steady.

## **Iron and Steel**

*Birmingham.*—The undertone of the market is fairly sound, and more new business and better conditions are expected when the tariff question is settled. Buyers do not hesitate to contract for pig-iron ahead as they realise that there is practically no chance of any reduction in price. Blast furnaces are willing sellers but are in need of specifications for deliveries, and in some cases stocks have increased. Purchases from the Continent by Midland users are very small, owing to the fact that re-rollers who are not members of the National Scheme still quote very low prices.

*Sheffield.*—Business in all branches of the iron, steel and allied trades continues steadily active. The basic steel plants are still producing to capacity, but forward bookings have fallen off slightly. The market in special steels is steady, but a slight decline is registered in the ordinary tool steel trade. Stainless and heat-resisting steels are in good request. The market in scrap is a little easier.

*Tees-side.*—The pig-iron trade has been very quiet. New business is small and consumers are exercising caution in entering forward contracts. Production, however, has been fully maintained, makers having ample outlets under old contracts. The statistical position is very strong, and prices of both Cleveland and hematite iron remain firm. Export sales have been affected by Italian restrictions on imports, and prices secured for overseas business are unattractive compared with home rates. Steel works are active. Heavy tonnages of manufactured steel are being turned out, and there is a better demand for semi-finished materials. Business in sheets is steady, and the recent orders for rails placed by home railways were very welcome. The outlook is quite good in most branches.

*Walsall.*—Malleable ironfounders are busy, and employment in the tube industry is well maintained.

*Wolverhampton.*—Foundries continue busy and the output is well maintained.

*Newport.*—Imports during February averaged 6,200 tons per week against 11,800 tons in January and 7,500 tons in February last year. Purchasers have been inclined to hold off pending a decision about increased import duties or an

agreement respecting a quota for imports from the Continent. Exports have been disappointing after the slight improvement in January and are at about the same level as last year. Local works report a slight slackening in orders, but home consumption is still good.

*Swansea.*—The tinplate trade is improving slowly and is now working at 55 per cent. of capacity. Foreign buyers are coming in and home trade also shows improvement. Prices are from 18s. 2d. to 18s. 9d. per box.

*Glasgow.*—Makers of iron and steel in the West of Scotland are fairly well employed, and in some branches the outlook is distinctly encouraging. In the heavy steel trade makers have plenty of specifications, especially for plates and sections, but export business is still rather scarce. Tube makers are quieter than they were earlier in the year. In the sheet trade home demand is brisk, especially for the heavy gauges. The wrought iron and steel re-rolling trades show a slight improvement, partly owing to the possibility of an increase in the import duty. There are twelve blast furnaces still in operation in Scotland, and a good outlet is being found for foundry, hematite and basic qualities.

## **Engineering**

*Birmingham.*—Current business in the motor trade is a little below expectation, and this slight falling off is reflected in the general engineering trades which serve the motor industry. The cycle trade remains very healthy, and an improvement is reported in motor cycle business both in the home and export market. The nut and bolt trade is fairly bright.

*Coventry.*—The motor car industry continues to be very active, and order books are fairly full. The machine tool trade is well occupied, and there has been a welcome increase in orders from abroad. The electrical engineering trade is also prospering.

*Leicester.*—Home trade is satisfactory, and export business shows a slight improvement over last month. Some departments are working overtime, and there is every prospect of favourable conditions being maintained.

*Sheffield.*—Trade in general engineering and equipment, particularly mining equipment, shows some improvement.

All branches of the machine tool industry are doing well, and output for the year to date shows an increase over last year. This is highly satisfactory, since last year's output was equal to, if not in excess of that of 1929, the peak year since the post-war slump. Sheffield has undoubtedly benefited in certain export markets from the Jewish boycott of Germany.

*Wolverhampton.*—Output is fairly well maintained, but new business has been a little disappointing. In the lighter sections of engineering the advance has continued. The motor and auxiliary trades are active. The electrical trades remain fully employed. Orders for plant are excellent, and the battery trade is active. Makers of pumps and pumping machinery find business somewhat dull.

*Glasgow.*—Shipbuilders on the Clyde are experiencing a decided lull in the placing of contracts. Fortunately a good volume of naval work is in hand, and this will keep several of the yards fairly busy. Marine engineers are still well employed, but orders have fallen off slightly. Boiler-making firms and makers of Diesel engines are both busy.

### **Metal and Hardware Trades**

*Birmingham.*—The cold rolled brass and copper section shows little change. Prices are a trifle harder, but buying of copper is very limited pending developments in the American situation. The general improvement in export trade which took place in 1934 is being maintained.

*Sheffield.*—The cutlery trade shows a steady expansion. There is a decided improvement in the demand for high quality penknives and pocket-knives and for the medium and better grades of table-knives. Sales of spoons and forks have improved in sympathy with cutlery. Trade in plated hollow-ware continues dull, but there is a fair demand for silver-ware. Export business in all grades of cutlery shows a substantial improvement over the corresponding period of last year.

*Wolverhampton.*—General demand continues steady. The output in the lock trade shows an advance on last year. The hollow-ware trade, however, is this year suffering from the postponement until May of the Birmingham section of the Industries Fair, and business which would normally have been booked in February at the Fair has not yet come forward.



## Cotton

*Liverpool.*—On the futures market there has been little change in tone, but three distinct movements have broken the prevailing dullness. Activity following the publication of the Supreme Court decision was short lived, and trade reverted to its previous caution. By the middle of the month there was added to the prevailing uncertainty the decline in the sterling exchange, bringing with it an upward movement in prices and causing some activity; the eventual slight recovery, however, brought the inevitable relapse. Through the operation of the twelve cent loan the value of cotton has, to all intents and purposes, been pegged, and it was on rumours of the discontinuance of this loan, coming on top of discouraging textile trade reports both in the United States and elsewhere, that prices broke spectacularly. At the time of writing this fall has not been recovered and is unlikely to be until the American Government's policy has been clarified. The decrease in the use of American compared to outside growths has continued, the former having now fallen below 50 per cent. of the total. There is, however, some prospect of this position improving on signs of increasing shortage of outside growths, added to the fact that the stocks at the mills are decidedly below normal. The United States Government is now reported as holding five and a half million bales, while available stocks of American for forwarding are computed at eleven millions; the supply outside Government hands is thus roughly sufficient to meet the ordinary demand for the next five months. Weather reports for the coming crop are favourable and preparations satisfactory. On the spot market trade in American has been limited, with fair sales latterly in the lower grades. Outside growths, particularly Brazilian and Peruvian, continue in fair demand. Manchester reports a dull market with slightly increased cloth enquiry. There have been scattered sales for India and some smaller outlets. Yarns trade is retail and stocks increasing. Market latterly has been disorganised by the slump in cotton.

## Wool

*Bradford.*—The demand for merino wool is well maintained in all markets and prices tend to harden. Spinners are fairly active, but new business is scarce.

*Huddersfield.*—Business continues to be quiet, and trade in the worsted section shows no increase. Many woollen mills and fine worsted mills are working part time. Those factories engaged on lower qualities of worsted goods have been rather better situated, and those working in the women's tweed costume cloth trade have been fairly well employed.

*Leicester.*—Trade is distinctly worse, and hardly any of the local spinning mills are running more than half-time. Consequently there is fierce competition for such business as is available. Mild weather both here and abroad has combined with other factors to make trade particularly difficult.

*Hawick.*—There has been a further slight decline during the past month in wool prices, which are now at an extremely low level. The Border tweed trade is still very dull. Spring repeat orders are practically exhausted, and orders for next winter are slow in coming forward. Hosiery and underwear manufacturers are quiet generally, and spinners and dyers report continued dullness.

### **Other Textiles**

*Dundee.*—Business in all sections of the jute market has been difficult during the past month. There has been a fairly good enquiry but the placing of orders has proceeded slowly and purchases have been of small lots. Buyers and sellers still fail to agree about prices, and at present neither are prepared to make concessions.

*Dunfermline.*—The Fifeshire linen trade continues active and the upward trend in prices has been maintained during the past month. The most unsatisfactory feature has been the failure of business with the United States to show any improvement. Supplies of flax and tow are scarce, with prices firm. Spinners are rather difficult to interest in the fibre at present owing to the state of the yarn market, and buying is only in small lots for immediate requirements.

### **Clothing, Leather and Boots**

*Leeds.*—As is usual at this time of year, clothiers are very busy. Employment should be very good during the next three or four months.

*Leicester.*—In the boot and shoe trade home demand continues to show some improvement, and is generally more encouraging than at this time last year. Manufacturers are decidedly more hopeful, and there is a general expectancy of a good spring trade. Export trade continues dull. Foreign imports of leather footwear show a big increase compared with the previous month. In hosiery, business shows little change. There is still uncertainty with regard to yarn prices, tariffs and quotas. January imports showed an increase in stockings and hose, which was another contributory factor to the present very unsatisfactory condition of the trade.

*Northampton.*—The outlook in the shoe and leather trade is encouraging. Business generally appears to be quite up to standard, and one or two factories are reported to have sufficient orders to keep them busy until Whitsun. Others, while not so well off for orders, are working full time. There is growing interest in the leather market. The export trade is somewhat better than a year ago.

*Walsall.*—The seasonal lull in the leather goods trade and buckle manufacturing business is considered to be only temporary, and an improvement is expected shortly.

## **Shipping**

*Hull.*—There is not very much c.i.f. business in circulation. Tonnage is in ample supply and rates continue at low levels.

*Liverpool.*—Outward coal tonnage offers still in excess of a moderately active demand and rates show no improvement. River Plate homewards has shown fair demand for the United States and the Far East. Chartering, with emphasis on March-April, is more active for the United Kingdom and the Continent at scheduled rates. North American is quiet with some orders for scrap to Europe and Japan. There has been little definite enquiry for Easterns, and Australian continues quiet and steady.

*Newcastle-upon-Tyne.*—Chartering in all directions has been very slow, and any change in rates has been in favour of shippers.

*Cardiff.*—The freight market remains steady, but tonnage is in poor demand for most destinations.



*Newport.*—The freight market remains very depressed. Orders are scarce and rates insufficient to cover running costs. Harbour dues were £50 less than in January and about the same as a year ago. Pilotage receipts were better than last year. The number of ships laid up in the docks has been reduced from four to three, the last of the "Knight" steamers having now been sold to Bombay owners.

*Swansea.*—Exporters have posted very few orders during the past month, and markets in all directions have been quiet. Tonnage, however, has offered slowly so that rates have been maintained.

*East of Scotland.*—There were about twenty vessels on loading turn at the Forth coaling ports at the middle of March, the majority being at Methill. Trade generally at Leith docks, while better than in January, showed on the whole a falling-off in volume compared with the returns for February of last year, coal shipments being appreciably lower. Slight increases were shown in iron and steel, and spirits. On the import side grain marked a substantial decrease, while cotton seed and linseed were only about a third of the arrivals for February, 1934.

*Glasgow.*—Tonnage to carry coal to foreign countries is in very poor demand, and all sections of the market are quiet. The Baltic is operating to a limited extent at steady rates, but the Mediterranean, Bay and Coasting trades are practically unrepresented in the list of orders quoted in the market, and rates are mainly nominal. Shipments of coal compare unfavourably with those of last year, and there is, so far, no sign of any improvement in the tonnages despatched.

### **Foodstuffs**

*Liverpool, grain.*—Despite hopes to the contrary the announcement of the American Gold Clause decision had only a short spasmodic effect on the wheat market which, after twenty-four hours, dropped back to its recent dullness. Prices have been steady with signs of improved forward demand in the first half of the month. The downward movement of the sterling exchange had a dampening effect, latterly in particular, upon Canadian business. There was some renewal of interest in Plate, and indications of more willingness on the part of shippers to meet the millers' price.

Continental demand still proves disappointing ; such slight benefit as the withdrawal of France as an exporter might have had on the market being offset by the psychological effect of the appearance of Sweden and Yugoslavia as unexpected, if moderate, exporters. The strong Far Eastern demand continues as one of the cheerful notes in the market, and Australian shippers show little attention to European business. The Argentine has also taken its share in this market. The statistical position remains strong ; indications are that shipments from the Southern Hemisphere continue well above the average figure, computed on the remaining stocks over the period to the end of the season. This indicates the possibility of some Canadian improvement in the future. An important factor has been the increased demand for Argentine wheat by Latin-American countries. Local stocks remain heavy in spite of continual reductions throughout the month. In the maize section Argentine old crop has been easier, and there was at one time a distinct pause in the demand for Plate maize, but a more active demand, with considerable rise in price, developed later in the month. Small quantities of new crop have arrived and are reported excellent, but no important shipments are expected before April. In spite of the opening of the Danube to navigation during the month, Rumania and Yugoslavia have offered little, while the price asked for South African is still high and there is little interest here. There have been signs of a temporary falling-off in United States demand, but Western United States markets are still affected by Plate competition. It is stated that estimates of United States foreign maize requirements have recently been exaggerated. Argentine shipments have been running lower recently and stocks in the United Kingdom are decreasing. Demand for home-milled flour has been moderate and forward contracts are reported satisfactory. Imported flour has been steady, but very quiet.

*Liverpool, provisions.*—During the month Continental bacon met with a steady consumptive demand, but ample consignments of Canadian kept prices in check. American hams were quiet. Lard remained firm on short supplies. The trade in Empire butter proved very satisfactory and prices advanced. Stocks were readily absorbed, and at the close were light, owing to a good demand from Germany for the Danish makes. A poor month's trading was experienced

for imported cheese. A fair amount of inferior Dutch and Cheshire varieties interfered with the sale of New Zealand, but prices were practically unchanged. In the canned goods section, meats were in good demand, with values slightly dearer, and fruits steady at approximately unchanged rates.

## **Fishing**

*Brixham.*—The February gales hampered sail-trawling to some extent, and landings were below average. Prices remained firm.

*Lowestoft.*—Total landings of wet fish by British vessels in England and Wales during February amounted to 43,000 tons, valued at £827,000. This compares with 63,000 tons, valued at £1,369,000 in January, and 42,000 tons, valued at £935,000 in February, 1934. The small increase in quantity over last year was entirely due to cod and livers, nearly all the other varieties showing a decrease. Prices were generally lower than a year ago, the increased catch of cod realising £47,000 less. Soles and plaice, however, owing to the short supply, fetched higher average prices. The main interest of the herring industry was centred on the passage through Parliament of the Herring Bill, and the discussions preliminary to the appointment of the eagerly-awaited Herring Board.

*Penzance.*—Fishing during February was rather slow. Some of the Cornish liners were working, and earnings for the week have been from £54 per boat downwards. The East Coast boats have again arrived, and mackerel prices have varied from 24s. per hundred to £2 when the fish was scarce.

*Scotland.*—There has been pronounced activity during the past few weeks in the herring fishing at the mouth of the Forth where several hundred vessels have been operating. The various ports, notably Anstruther, have continued busy. Demand has been principally on German account, but with that country now purchasing in Holland it is thought the season will probably finish about March 23rd. Considerable delay is being experienced in receiving remittances from abroad, and at the time of writing it is estimated that about £50,000 is due by Germany for herring shipments. The market for white fish has been better supplied, and prices remain steady.

### **Other Industries**

*Pottery.*—Longton reports that although some firms received good orders and enquiries at the recent British Industries Fair, trade generally shows little expansion. The employment returns for the industry reflect the usual improvement after the January quiet period, but compare unfavourably with those of a year ago.

*Paper-making and Printing.*—The rather better conditions in the Edinburgh paper-making trade reported last month have continued, and most of the mills are working full time. Demand is still mostly from the South, and export business does not yet show much improvement. The printing trade continues to enjoy a fair measure of activity. The book houses have been generally well employed during the month, while firms engaged on commercial work have been moderately active.

*Timber.*—Hull reports that the intervention of the Government in regard to the contract arranged between Messrs. Timber Distributors and the Russians brought trade temporarily to a standstill on the Humber. Some resentment was felt at the Government's action, which was inspired by Canadian objections to the Fall Clause, but it has now proved possible to arrange a new contract with the Russians, from which the Fall Clause is eliminated. With regard to stocks a little more movement is apparent, but it seems that several of the inland merchants have not made considerable progress with the disposal of their stocks.

At Newport pitwood imports amounted to nearly 17,000 loads in February, against 15,400 loads in January and 18,400 loads in February last year. Other timber imports have been small.

## Overseas Reports

### Australia

#### *From the National Bank of Australasia Limited*

The position of pastures and stock is about normal for the time of year, except in the interior of Queensland where the absence of summer rains is causing serious loss of stock. Butter production remains heavy. Wool is selling freely, but prices are depressed. Trade in wheat is dull. Imports for the seven months ended January 31st, 1935, are returned at £45.0 millions and exports at £51.0 millions. The low level of prices of export commodities and the general international trade position are beginning to retard further progress towards prosperity. There has been a slight weakening of Stock Exchange prices, which is possibly associated with indications of a rise in interest rates.

### Canada

#### *From the Imperial Bank of Canada*

While there has recently been a moderate recession in some directions, economic recovery has extended into the current year. Construction during the first two months of 1935 shows an increase of 69.5 per cent. over 1934, while the January output of automobiles registered an improvement of 54 per cent. Car-loadings are 10 per cent. above last year's level, in spite of less active grain movements. The production of electricity continues to establish new high records, while the broadened activity in the mining and lumber industries is being maintained. Industrial company reports vary in character, but on the whole indicate a general improvement. Wholesale prices are slightly higher. Bank debits and deposits have again increased, but bank advances are unchanged, as the improvement in the trade position is enabling former borrowers to pay off outstanding loans. The gold clause judgment of the United States Supreme Court has removed one general cause of anxiety, but the doubts occasioned by the approach of the Federal elections and the new policy announcements by the Canadian Government still remain.

Another source of uncertainty arises from the attempts by certain Provincial Governments to raise the price of newsprint by legislative intervention, for it remains to be seen how the big American consumers will react to this attempt.

## India

*Bombay.*—Speculation caused wide fluctuations in raw cotton prices during early February, but later in the month operators became nervous and the market eased. This led to a slight revival in Japanese demand for Oomra, Khandesh and Bengal qualities. China has not been an active buyer, while the Continent has shown less interest in Bombay descriptions. Arrivals from Oomra districts are gradually dwindling, but cotton from Comptas and Westerns is now beginning to reach Bombay. Trade in British piece-goods was very poor during February. Most of the new arrivals of goods remained in bond, as a reduction in the tariff was then anticipated. The budget, however, which was issued on March 1st, left tariff-rates unchanged. Demand for Japanese goods has also been poor. Business in woollens is held up pending the publication of the Tariff Board's Report on the Indian Woollen Industry. There was little movement in fancy goods of Indian manufacture, but greys continue to sell in small lots. Local styles of bleached goods and dhooties are now becoming more attractive, as regards both quality and variety, and as their prices compare favourably with those of Lancashire goods, Indian manufacturers are obtaining an increasing share of the home market.

*Rangoon.*—Business in rice was unusually quiet during February, and the month more resembled the end than the beginning of the season. India is not a buyer at the current level of prices, but activity by Far East shippers and belated purchasing from Europe have helped to keep the market steady for both white rice and paddy. In the timber trade fair business has been done with Europe, but though the outlook is a little better, prices remain very competitive. The Indian railways have been buying squares more freely. Rangoon prices of round logs are slightly lower. Demand for hardware remains slow and disappointing, for while more buyers have come forward, sales have been small and the total volume of business is below last year's level. Stocks are ample.



### Irish Free State

Unfavourable weather conditions prevailed during February, and many farmers had to draw fairly heavily upon their reserves of fodder. Stocks of fodder, grain and roots, however, should still be adequate to meet the needs of the rest of the winter season. Supplies of potatoes are heavy. Tubers are keeping well, and although markets were well supplied, demand has remained active at prices ranging from 2s. 3d. to 5s. per cwt. Wheat sowing was retarded during February by the bad weather, but considerable areas were ploughed in preparation for the sowing of spring varieties. As large quantities of winter wheat had been sown prior to February, it is expected that the coming wheat crop will register a very large increase over the previous season. Live-stock were maintained in good condition, and fairs were well supplied with cattle. Lambing began early in February, and at the end of the month there were indications that the fall would be above the average.

### France

*From Lloyds & National Provincial Foreign Bank Limited*

The trade returns for the first two months of the current year indicate some decline below those of 1934. The actual results are summarised below :—

| First two months of ...   | 1934<br>Frs. mill. | 1935<br>Frs. mill. | Difference<br>Frs. mill. |
|---------------------------|--------------------|--------------------|--------------------------|
| IMPORTS—                  |                    |                    |                          |
| Foodstuffs ...            | 1,293              | 1,126              | — 167                    |
| Raw Materials ...         | 2,329              | 1,926              | — 403                    |
| Manufactured Articles ... | 738                | 641                | — 97                     |
| Total ...                 | 4,360              | 3,693              | — 667                    |
| EXPORTS—                  |                    |                    |                          |
| Foodstuffs ...            | 438                | 431                | — 7                      |
| Raw Materials ...         | 896                | 787                | — 109                    |
| Manufactured Articles ... | 1,699              | 1,559              | — 140                    |
| Total ...                 | 3,033              | 2,777              | — 256                    |

While every item in the return shows a decrease since a year ago, the main drop is in raw material imports. The adverse trade balance has shrunk from Frs.1,327 to Frs.916 millions.

Railway receipts are also less than a year ago. The following table shows the returns for each company.

| Jan. 1st to Feb. 25th ... | 1934<br>Frs. mill. | 1935<br>Frs. mill. | Difference<br>Frs. mill. |
|---------------------------|--------------------|--------------------|--------------------------|
| Alsace-Lorraine ...       | 114                | 104                | - 10                     |
| Est ...                   | 224                | 188                | - 36                     |
| Etat ...                  | 236                | 213                | - 23                     |
| Nord ...                  | 264                | 223                | - 41                     |
| Orleans et Midi ...       | 306                | 265                | - 41                     |
| P.L.M. ...                | 431                | 380                | - 51                     |
| Total ...                 | 1,575              | 1,373              | - 202                    |

The total decline since 1934 amounts to Frs.202 millions.

Although there was a slight seasonal improvement at the beginning of March, unemployment shows little change. The official total for March 9th was 499,813, compared with 496,900 in the middle of February and 350,656 in March, 1934. The industrial production index number for January was 93 (1913 = 100). This compares with index numbers of 93 for December and 106 for January, 1934.

Business on the Bourse has been very limited and prices have gradually fallen. The recent issue of Bons du Tresor was duly made at a lower rate of interest, but as its influence had been well discounted in advance, it did not occasion any notable improvement in the prices of Government securities. There have been appreciable declines in the prices of many other securities. To some extent these arise from the liquidation of open positions, and the technical position of the market has been thereby improved. The volume of business, however, has now fallen to a level never before attained.

*Bordeaux.*—The wine trade remains dull, and prices of the last crop are giving way. Quotations for older vintages are steady with a small demand. In the resin and turpentine market, there has been a slight demand from abroad and internal consumption is normal. Owing to reduced production stocks on hand are not important.

*Le Havre.*—Cotton prices fluctuated up to early March within narrow limits, but the consumption of American cotton continues to decrease. The local spot market was dull and, in spite of the reduced stocks in the hands of the spinners, trading was confined to small lots and to immediate requirements.

Coffee prices registered a further heavy drop during February, and in early March were weak at around Frs.118

per 50 kilos. This regression to the lowest price on record (gold francs excluded) was attributed to Brazilian finance and exchange difficulties and the decision of the Brazilian Government to ship as from 1st April those cheaper types of bean which it had previously agreed to retain under the Control. Trading was scattered and covered only small lots for blending purposes. The statistical position has continued to improve; local stocks awaiting clearance through Customs in early March were only 550,000 sacks as against nearly 600,000 sacks a month before.

*Lille.*—The cotton trade shows no signs of improvement. Most spinners are working short time, and calculated on a spindle basis production is only 57 per cent. of capacity. If doubling mills are included, it amounts to 62 per cent. of capacity. Plans for the reorganising the industry by regulating production are being carefully prepared, but past efforts to arrive at a working convention between spinners have not met with much success. Flax prices are easier, but spinners are not eager to buy. Stocks of yarn are now large, and prices are lagging behind owing to the prevailing lack of demand. Some weavers are mixing their linen yarns with wool and rayon yarns in an endeavour to produce new materials and designs, and in some cases progress is being made. Jute prices are firm. Local spinners have agreed to limit production of yarns, and the weavers are expected to participate in the new scheme.

*Marseilles.*—The groundnuts market remained quiet during February, and prices became easier. Buyers were deterred by uncertainty regarding future action by the Government with regard to price control. So far the Government has only considered meat and milk prices, but its intervention in the oil-seeds market is thought not to be unlikely. Copra arrivals during February amounted to only 7,000 tons, and only the same quantity was expected to arrive during March. Prices, therefore, have remained firm. The olive oil market is quiet—stocks have accumulated, and prices are weak.

*Roubaix.*—Business in tops and noils is quiet, and in early March spinners were only covering their immediate requirements. Considerable apprehension has been aroused by the recent fall in sterling. The combing mills are all working short time, with average production no better than between 50 and 60 per cent. of capacity. No early improvement is

expected. The spinning section is also depressed. Demand for hosiery has fallen away, and spinners of weaving yarns are very quiet. In some cases production is no more than 50 per cent. of capacity. There is no improvement in the weaving and finishing end of the industry, and unemployment is again worse. Stocks of tops in the combing mills amounted to Kilos.13·8 millions in February, against Kilos.13·6 millions in January, and Kilos.14·9 millions in February last year.

### Belgium

#### *From Lloyds & National Provincial Foreign Bank Limited*

*Antwerp.*—Markets have been disturbed by the general trend of events, and some security prices have lately fallen to the lowest point recorded since the beginning of the crisis. In the produce markets, cereals have been firm, but wool has fallen to a new low record, and activity has been confined to the terminal market where a fair amount of business has been transacted. The recent improvement in the diamond industry has been arrested by exchange fluctuation coupled with fairly heavy arrivals of uncut diamonds.

*Brussels.*—Conditions in the iron and steel industry in the middle of March were quiet but satisfactory. Important shipments of semi-finished products to England were then being negotiated. The discussions at Cannes between English and Continental representatives of the steel industry appeared to be making progress. To allow time for further development, it was decided to prolong the International Rail Makers Association until July 1st and to maintain the *status quo* as regards customs duties. The impression then was that the entry of the British steel producers into any agreement depended on the outcome of the Franco-German *pourparlers* on the subject of the Saar due to begin on March 21st. It should be noted that this report was dated prior to the recent increases in the British customs duties upon steel.

There is no improvement in the coal trade, and production remains in excess of demand. Stocks have increased, and some collieries may have to reduce their output. The Commercial Treaty with Holland has fixed the quantity of exports for each country until the end of the current year.

Cement exports for January amounted to 62,000 tons, against a corresponding return of 44,800 tons for last year.

## Germany

There is not much change in business conditions since a month ago. During February unemployment fell from just over 3,000,000 to 2,765,000. The month's decline was rather less than the improvement which took place in 1934. The heavy industries are perhaps the most active. Coal production in February amounted to 10,255,000 tons, against 11,423,000 tons in January, which contained two more working days. Pig-iron production fell from 880,500 tons in January to 808,800 tons in February. Home sales were little changed, but export of tubes were affected by uncertainties regarding the International Steel Cartel. The cotton industry reports a fair demand for yarn and cloth, but sales of finished goods have been less active. Stocks of raw cotton held at Bremen now amount to only 254,000 bales, against 595,000 bales a year ago.

## Holland

The recent depreciation of the pound has, among other consequences, checked business in the Dutch East Indies. London is the world market for the chief products of these territories, and the difficulty has been that so long as sterling was subject to wide fluctuations, traders were afraid to quote ahead. Dutch opinion still hopes that an early stabilisation of both the pound and dollar can be arranged. Industrial conditions in Holland are mainly unchanged. Recent company reports record a general reduction in turnover, but earnings are usually sufficient to cover depreciation charges, though not always enough to permit of an ordinary dividend. Attempts are being made to reorganise the coal industry, which is faced with a reduced home demand and keen foreign competition. The latest proposal consists of the institution of a central marketing office, assisted by quotas upon imports. The new orders secured by the national shipbuilding industry should help to alleviate unemployment. The orders may involve the industry in a slight loss, which may have to be met out of public funds, but the loss will be more than balanced by the consequent saving in the cost of unemployment relief.

The Trade Agreement with Belgium is regarded as satisfactory, but the Clearing Agreement with Germany is still working badly. Outstanding commercial claims on Germany



now amount to about Fl.22 millions, and the only apparent remedy is the restriction of exports to Germany, which is hardly a satisfactory solution. A number of companies have been founded to conduct barter trade with Germany, but experience so far has only shown how difficult it is to reconcile the interests of importers and exporters.

### Norway

The foreign trade returns for February are now available and are summarised in the following table :—

|                   | Feb.,<br>1934 | Jan.,<br>1935 | Feb.,<br>1935 |
|-------------------|---------------|---------------|---------------|
|                   | Kr. mill.     | Kr. mill.     | Kr. mill.     |
| Imports .. ..     | 51·6          | 56·7          | 55·0          |
| Exports .. ..     | 47·2          | 49·5          | 49·1          |
| Import surplus .. | 4·4           | 7·2           | 5·9           |

Imports of cereals, fruit and vegetables, fats and oils have increased, but there have been declines in imports of feeding-stuffs and ships. Exports of canned goods, fish and herring, skins, ores and paper are higher, but those of chemical pulp, fertilisers and metals have decreased. Wholesale prices on February 15th stood at 125 (1913=100), this figure representing no change since the previous month. The cost-of-living index rose between January and February from 148 to 149 (July, 1914=100). Between December and January, the latest months available, the index number of industrial production fell from 109 to 104. In January, 1934, the figure stood at 95. The first half of 1933 is taken as 100. Unemployment for February amounted to 41,653, against 40,071 in January and 43,559 in February last year. During February the quantity of idle tonnage rose from 135 vessels of 497,734 tons d.w. to 162 vessels of 591,733 tons d.w. On March 1st, 11·1 per cent. of Norway's merchant fleet was lying idle.

Reference was made in the previous issue of the REVIEW to the general agreement which has been the subject of discussion between representatives of the Central Organisation of the Trade Unions and the Federation of Norwegian Employers. The agreement aims at introducing regulations affecting various basic conditions. The proposal has now been accepted by both parties. Negotiations are also in progress for



the renewal of numerous special wage agreements. No basis for a new agreement has yet been found, and to initiate mediation proceedings in the normal manner the Central Board of the Trade Unions gave notices affecting 30,000 workers, to take effect as from April 1st. In consequence the State Mediator intervened, and mediation proceedings are now taking place.

### Sweden

Timber sales have been retarded, partly by the recent negotiations between the exporting and importing countries, and partly by some falling-off in consumption and expansion in the stocks held by importers. Sales up to the middle of March only amounted to 250,000 standards, against a parallel figure of 500,000 standards for last year. Demand has been particularly limited in the case of countries on a gold basis, with the principal exception of Germany. Prices of redwoods are unchanged, but those of whitewoods have weakened. Sales of wood pulp remained active until the middle of March, when the market became unusually dull. Sulphite sales for this year have already equalled in volume those made during the whole of last year, in spite of the fact that North American buyers have so far only purchased half as much as they bought in 1934. The agreement between sulphite producers, concluded last January, has fixed sulphite prices at a point slightly above the previous low record. The former agreement, providing for a 25 per cent. restriction of production, is to remain in force during 1935 and 1936. The sulphate market is firm, and buyers are already taking interest in next year's shipments. Orders for mechanical pulp for this year's delivery have not so far been large, but sales amounting to 300,000 tons have already been made for 1936 delivery. Prices of wet pulp have improved slightly. The export market in paper has been rather inactive, partly because of the fluctuations in sterling. Newsprint mills, however, are booked up with orders for the whole year, and makers of sulphite paper report heavier buying in anticipation of the new scheme for a unification of the industry, which is now under discussion and which may bring about a rise in prices. Demand for kraft paper is below the average. Iron prices are firm, as a result of the fall in sterling and the kroner against the gold currencies. Employment is good, but orders are less than they were a short time ago.

Conditions in the engineering industries are less settled. Exports of ball-bearings and electrical apparatus are better than they were a year ago, but other exports are lower.

### Denmark

The wage agreements expiring during the spring have already been the subject of negotiations between the employers' and workers' organisations. No agreement has been reached, and lock-out warnings have been issued affecting 50,000 men. The State Conciliator, however, has intervened, and in view of the severe unemployment now prevalent it is generally anticipated that a settlement will be reached before a conflict develops. The Government is seeking the consent of Parliament to schemes of public works estimated to cost Kr.50 millions. The object is the relief of unemployment, especially among those who have been idle for at least ten months during the past two years. Imports during February amounted to Kr.106.8 millions, and exports were Kr.100.8 millions. There was thus an import surplus for the month of Kr.6 millions. For the first two months of 1935 the import surplus amounted to Kr.26.1 millions, compared with a parallel figure of Kr.23.7 millions for 1934. Imports from Great Britain for the first two months of each year have risen from Kr.59.1 to Kr.77.3 millions, while exports to Great Britain have fallen slightly from Kr.108.6 to Kr.105.8 millions. The 1934 customs returns show that out of total imports for the year of Kr.1,260 millions, Kr.654 millions were admitted free of duty. The average duty on the remaining Kr.606 millions was equivalent to 18.7 per cent. *ad valorem*. Export prices have fallen during the past month. Butter has declined from Kr.190 to Kr.175, eggs from Kr.80 to Kr.66 and bacon from Kr.158 to Kr.152 per 100 kilos. Wholesale prices generally are unchanged at 135, but "export" prices have fallen between January and February from 121 to 117, while "import" prices only fell from 141 to 139. Thus the spread between import and export prices has widened.

### Switzerland

*From Lloyds and National Provincial Foreign Bank Limited*

Conditions on the Bourses remain very quiet, but there has been considerable activity in the foreign exchanges owing

to the fall of sterling, which caused much anxiety. During the latter part of February the Swiss exchange remained on the gold export point to Paris, but since the beginning of March it has improved. Imports remain fairly stationary, but exports have increased by some six millions, the greater part of which is due to increased exports of watches, and clocks for motor cars.

A recent report published by the Federal Department of Public Economy states that the general situation in Switzerland hardly changed in 1934. Money market rates, rates for new capital issues, wholesale prices and the cost of living showed practically no change, but quotations of shares on the Bourses fell. It is estimated that receipts from tourist traffic and interest on Swiss investments abroad were sufficient to offset the surplus of imports over exports, which was smaller than in the previous year.

### Spain

The number of unemployed at the end of January reached the record figure of 711,184, as compared with 667,898 at the end of December last. As the Government's plans to deal with the problem of unemployment still remain under consideration, little reduction in this figure can be anticipated until the usual seasonal demand for labour arises in May. The Higher Banking Council in Spain has recently studied the question of mutual assistance between banks in case of need. The idea, which is favoured by the Bank of Spain, has general support, but no concrete proposals have yet been formulated. Owing to over-production in the sugar industry the Minister of Agriculture has introduced a bill to restrict temporarily the cultivation of sugar beet and the manufacture of sugar. It is hoped that accumulated stocks of sugar will be absorbed within three years. The termination of the orange season has been precipitated this year by serious damage from winds. Olive oil prices show a firmer tendency, and a good export demand is confidently expected.

### Morocco

*From the Bank of British West Africa Limited*

Business in the French Protectorate continues to be hampered by the uncertain prospects regarding the export of the coming season's crops to France, and by the lack of official

information regarding the proposed import "quotas" and higher customs duties. Considerable opposition to these latter expedients is being voiced by local business organisations. Preliminary statistics show that imports into the French Protectorate during 1934 totalled 880,000 tons valued at Frs.1,319.7 millions, against 1,006,800 tons valued at Fr.1,532.4 millions in 1933. Exports totalled 1,990,700 tons valued at Frs.667.4 millions, against 1,724,800 tons valued at Frs.600.2 millions in 1933. The adverse trade balance in 1934 was thus Frs.652 millions, compared with Frs.932 millions in 1933. The principal countries from which imports came in 1934 were: France, Frs.565 millions; Japan, Frs.107 millions; China, Frs.74 millions; Belgium, Frs.72 millions; the United States, Frs.70 millions; the United Kingdom, Frs.59 millions; and Roumania, Frs.58 millions. The principal buyers of Moroccan products were: France, Frs.337 millions; Algeria, Frs.63 millions; Spain, Frs.54 millions; Germany, Frs.54 millions and Italy, Frs.41 millions.

The total import and export tonnage cleared by the Casablanca Port Authorities in 1934 was 2,454,000 tons, of which exports of phosphates (1,255,000 tons) represented half. 2,299 ships entered the port in 1934 of 7,128,000 tons gross tonnage, of which 745 were French ships and 227 were British. The latest decline in sterling affords another opportunity for British merchants to recapture something of their diminished trade with French Morocco.

### **The United States**

Markets have recently been in a nervous condition. Retail trade in foodstuffs and wearing apparel is well maintained, but general industry is to some extent now dependent upon the marked activity of automobile manufacturers. The output of cars in February was 355,000, or nearly 20 per cent. above the estimated normal.

The price of sugar has been very firm, partly owing to threats of further labour troubles in Cuba. Refiners are busy, and the year's "melt" up to February 23rd was nearly 32 per cent. greater than the parallel return for 1934. Deliveries also showed an increase of 19.5 per cent. Imports for the first two months of the year amounted to 986,000 short tons, or to 22 per cent. of the year's quota.

Rubber prices have fallen as the result of the weakness of

sterling and uncertainties in other world markets. The home price of copper is still officially 9 cents a lb., but demand has fallen off, and there are increased rumours of subterfuges designed to defeat the "Blue Eagle" price. Foreign prices are apparently a little better. Tin prices have fallen, and the outlook is regarded as uncertain. Demand for lead and zinc has improved slightly and prices are firmer.

During February the number of blast furnaces in operation increased from 90 to 96, and the average daily output of pig-iron rose from 47,656 tons in January to 57,448 tons in February. The average daily production of steel also increased from 104,969 to 114,255 tons, so that in February steel mills were working at 51.6 per cent. of capacity, against 49 per cent. in January. Demand is now steady, but a seasonal improvement may shortly begin. On the other hand the attitude of the Administration towards public utility holding companies may be reacting upon the demand for steel for the manufacture of fresh plant, while some consumers are holding back on the chance that a possible discarding of the N.R.A. codes may bring about a decline in prices.

Early in March there was a sharp break in cotton prices. This arose from a belief that the Agricultural Adjustment Administration was holding nearly as much cotton as it could carry and that during 1935 loans against cotton might not be available so freely as they were in 1934. Home mill demand for cotton has also been poor, and sales of cloth have recently fallen to 50 per cent. of production. It is alleged that recent price concessions mean that sales are now taking place at less than the cost of production, but even so buyers show no inclination to come forward.

The Administration has recently decided to use practically the whole of its unappropriated profits on last year's gold revaluation for the purpose of redeeming certain bonds which are largely used as cover for the National Banks' note issues. The net result of this operation will be the replacement of National Bank notes by currency issued by the Reserve Banks. Further conversion operations were also announced during recent weeks. These include the issue by the Treasury of "baby" bonds in denominations, ranging from \$25 to \$1,000. These are issued at a price of 75 per cent. of their nominal value, and are repaid in full at the end of ten years. They thus resemble British National Savings Certificates.



## Statistics BANK OF ENGLAND

### Issue Department

|                 | Note<br>Circulation. | Govt.<br>Debt. | Other<br>Govt.<br>Securities. | Other<br>Securities. | Silver<br>Coin. | Fiduciary<br>Issue. | Gold. |
|-----------------|----------------------|----------------|-------------------------------|----------------------|-----------------|---------------------|-------|
|                 | £ mn.                | £ mn.          | £ mn.                         | £ mn.                | £ mn.           | £ mn.               | £ mn. |
| End March, 1929 | 361·8                | 11·0           | 235·2                         | 9·0                  | 4·8             | 260·0               | 153·3 |
| " " 1930        | 352·3                | 11·0           | 233·0                         | 11·5                 | 4·5             | 260·0               | 155·1 |
| " " 1931        | 357·1                | 11·0           | 232·0                         | 12·9                 | 4·0             | 260·0               | 144·5 |
| " " 1932        | 360·5                | 11·0           | 240·9                         | 19·3                 | 3·8             | 275·0               | 120·8 |
| " " 1933        | 367·1                | 11·0           | 249·9                         | 10·5                 | 3·6             | 275·0               | 171·8 |
| " " 1934        | 378·8                | 11·0           | 245·4                         | 0·1                  | 3·5             | 260·0               | 191·1 |
| March, 13, 1935 | 378·9                | 11·0           | 246·1                         | 0·4                  | 2·4             | 260·0               | 192·5 |
| March, 20, 1935 | 378·0                | 11·0           | 246·3                         | 0·3                  | 2·3             | 260·0               | 192·5 |

### Banking Department

|                 | Public<br>Deposits. | Bankers'<br>Deposits. | Other<br>Deposits. | Govt.<br>Secur-<br>ities. | Discounts<br>and<br>Advances. | Other<br>Secur-<br>ities. | Reserve. | Proportion. |
|-----------------|---------------------|-----------------------|--------------------|---------------------------|-------------------------------|---------------------------|----------|-------------|
|                 | £ mn.               | £ mn.                 | £ mn.              | £ mn.                     | £ mn.                         | £ mn.                     | £ mn.    | %           |
| End March, 1929 | 19·7                | 58·2                  | 36·4               | 50·6                      | 13·0                          | 17·1                      | 51·9     | 45·4        |
| " " 1930        | 18·8                | 54·9                  | 35·9               | 44·8                      | 6·1                           | 13·3                      | 63·7     | 58·1        |
| " " 1931        | 17·2                | 58·8                  | 34·7               | 30·3                      | 24·6                          | 25·7                      | 48·3     | 43·6        |
| " " 1932        | 27·2                | 54·6                  | 34·4               | 35·7                      | 11·7                          | 51·1                      | 35·9     | 30·9        |
| " " 1933        | 21·2                | 92·8                  | 35·0               | 57·7                      | 11·8                          | 17·2                      | 80·6     | 54·0        |
| " " 1934        | 17·5                | 94·5                  | 36·9               | 77·1                      | 5·6                           | 11·0                      | 73·4     | 49·2        |
| March, 13, 1935 | 8·4                 | 108·4                 | 40·4               | 84·8                      | 5·7                           | 10·9                      | 74·1     | 47·1        |
| March, 20, 1935 | 14·9                | 105·3                 | 40·6               | 86·0                      | 5·4                           | 12·5                      | 75·1     | 46·7        |

### LONDON CLEARING BANKS (monthly averages)

|             | Deposits. | Accept-<br>ances,<br>Guaran-<br>tees, etc. | Cash. | Balances<br>and<br>Cheques. | Call<br>Money. | Bills. | Invest-<br>ments. | Advances. |
|-------------|-----------|--|-------|-----------------------------|----------------|--------|-------------------|-----------|
|             | £ mn.     | £ mn.                                      | £ mn. | £ mn.                       | £ mn.          | £ mn.  | £ mn.             | £ mn.     |
| March, 1925 | 1,643·5   | 113·9                                      | 190·2 | 51·1                        | 111·7          | 205·1  | 299·4             | 857·1     |
| " 1929      | 1,776·6   | 222·1                                      | 187·8 | 52·7                        | 136·1          | 216·6  | 258·9             | 995·9     |
| " 1930      | 1,719·3   | 159·3                                      | 184·4 | 51·3                        | 134·7          | 183·6  | 240·4             | 990·8     |
| " 1931      | 1,763·9   | 121·5                                      | 184·0 | 43·5                        | 114·1          | 240·4  | 311·1             | 936·1     |
| " 1932      | 1,676·4   | 98·7                                       | 174·0 | 43·4                        | 112·5          | 216·8  | 281·9             | 902·1     |
| " 1933      | 1,925·2   | 95·8                                       | 207·0 | 40·1                        | 108·7          | 348·1  | 510·2             | 766·2     |
| " 1934      | 1,830·6   | 112·8                                      | 218·9 | 43·5                        | 120·4          | 202·1  | 547·1             | 753·0     |
| Jan., 1935  | 1,982·1   | 120·6                                      | 224·9 | 46·3                        | 137·3          | 284·1  | 593·4             | 752·8     |
| Feb., 1935  | 1,954·1   | 117·9                                      | 213·2 | 43·6                        | 127·0          | 264·9  | 606·4             | 755·7     |



## LONDON 'BANKERS' CLEARING HOUSE RETURNS

|                             | Town<br>Clearing. | Metropolitan<br>Clearing. | Country<br>Clearing. | Total. |
|-----------------------------|-------------------|---------------------------|----------------------|--------|
|                             | £ mn.             | £ mn.                     | £ mn.                | £ mn.  |
| 1925 ... ..                 | 35,801            | 1,678                     | 2,958                | 40,437 |
| 1929 ... ..                 | 39,936            | 1,882                     | 3,079                | 44,897 |
| 1930 ... ..                 | 38,782            | 1,812                     | 2,964                | 43,558 |
| 1931 ... ..                 | 31,816            | 1,668                     | 2,752                | 36,236 |
| 1932 ... ..                 | 27,834            | 1,610                     | 2,668                | 32,112 |
| 1933 ... ..                 | 27,715            | 1,657                     | 2,766                | 32,138 |
| 1934 ... ..                 | 30,740            | 1,760                     | 2,984                | 35,484 |
| 1934 to March 21 ... ..     | 7,624             | 399                       | 681                  | 8,704  |
| 1935 to March 20 ... ..     | 7,393             | 422                       | 711                  | 8,526  |
| 1934 March (4 weeks) ... .. | 2,873             | 122                       | 227                  | 3,232  |
| 1935 March (4 weeks) ... .. | 2,487             | 139                       | 237                  | 2,863  |

## BANKERS' PROVINCIAL CLEARING RETURNS

|                          | Mar.,<br>1925. | Mar.,<br>1929. | Mar.,<br>1931. | Mar.,<br>1932. | Mar.,<br>1933. | Mar.,<br>1934. | Jan.,<br>1935. | Feb.,<br>1935. |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                          | £ mn.          | £ mn.          | £ mn.          | £ mn.          | £ mn.          | £ mn.          | £ mn.          | £ mn.          |
| Birmingham ... ..        | 11·3           | 11·9           | 9·5            | 9·0            | 9·7            | 11·3           | 12·0           | 10·1           |
| Bradford ... ..          | —              | 5·9            | 3·3            | 3·4            | 3·3            | 4·2            | 4·3            | 3·8            |
| Bristol ... ..           | 5·1            | 5·3            | 6·0            | 4·9            | 5·0            | 5·4            | 4·5            | 3·8            |
| Hull ... ..              | 4·8            | 4·0            | 3·1            | 3·0            | 3·2            | 3·2            | 3·5            | 3·1            |
| Leeds ... ..             | 4·5            | 4·4            | 3·5            | 3·8            | 3·8            | 4·4            | 4·9            | 3·8            |
| Leicester ... ..         | 3·6            | 3·6            | 2·9            | 3·1            | 3·1            | 3·3            | 3·7            | 2·8            |
| Liverpool ... ..         | 42·5           | 34·2           | 24·7           | 25·6           | 25·6           | 26·8           | 29·4           | 26·0           |
| Manchester ... ..        | 77·4           | 58·0           | 41·9           | 42·5           | 42·1           | 46·1           | 46·2           | 43·3           |
| Newcastle-on-Tyne ... .. | 7·8            | 6·5            | 6·0            | 5·7            | 6·5            | 6·9            | 7·2            | 6·7            |
| Nottingham ... ..        | 2·3            | 2·8            | 1·9            | 1·9            | 1·9            | 2·0            | 2·2            | 1·9            |
| Sheffield ... ..         | 5·0            | 4·6            | 3·5            | 3·3            | 3·5            | 3·6            | 4·3            | 3·9            |
|                          | 164·3          | 141·2          | 106·3          | 106·2          | 107·7          | 117·2          | 122·2          | 109·2          |

## LONDON AND NEW YORK MONEY RATES

|                 | LONDON.         |                 |                                  |                                  |                                  | New York.                |                 |                 |
|-----------------|-----------------|-----------------|----------------------------------|----------------------------------|----------------------------------|--------------------------|-----------------|-----------------|
|                 | Bank Rate.      | Treasury Bills. |                                  | 3 Months' Bank Bills.            | Short Loans.                     | F.R.B. Re-discount Rate. | Call Money.     | Acceptances.    |
|                 |                 | Tender Rate.    | Market Rate.                     |                                  |                                  |                          |                 |                 |
| End March, 1925 | 5               | 4 $\frac{1}{2}$ | —                                | 4 $\frac{1}{2}$ -4 $\frac{1}{4}$ | 3 $\frac{1}{2}$ -4 $\frac{1}{4}$ | 3 $\frac{1}{2}$          | 3 $\frac{1}{2}$ | 3 $\frac{1}{2}$ |
| " " 1929        | 5 $\frac{1}{2}$ | 5 $\frac{1}{2}$ | 5 $\frac{1}{2}$                  | 5 $\frac{1}{2}$ -5 $\frac{1}{4}$ | 4 $\frac{1}{2}$ -4 $\frac{1}{4}$ | 5                        | 15              | 5 $\frac{1}{2}$ |
| " " 1930        | 3 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$                  | 2 $\frac{1}{2}$ -2 $\frac{1}{4}$ | 2 $\frac{1}{2}$ -2 $\frac{1}{4}$ | 3 $\frac{1}{2}$          | 3 $\frac{1}{2}$ | 2 $\frac{1}{2}$ |
| " " 1931        | 3               | 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$ -2 $\frac{1}{4}$ | 2 $\frac{1}{2}$ -2 $\frac{1}{4}$ | 2-2 $\frac{1}{2}$                | 2                        | 1 $\frac{1}{2}$ | 1 $\frac{1}{2}$ |
| " " 1932        | 3 $\frac{1}{2}$ | 2 $\frac{1}{2}$ | 1 $\frac{1}{2}$                  | 2 $\frac{1}{2}$ -2 $\frac{1}{4}$ | 2-3                              | 3                        | 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$ |
| " " 1933        | 2               | 1 $\frac{1}{2}$ | 1 $\frac{1}{2}$                  | 1 $\frac{1}{2}$                  | 1-1                              | 3 $\frac{1}{2}$          | 3               | 2 $\frac{1}{2}$ |
| " " 1934        | 2               | 1 $\frac{1}{2}$ | 1 $\frac{1}{2}$                  | 1 $\frac{1}{2}$                  | 1-1                              | 1 $\frac{1}{2}$          | 1               | 1 $\frac{1}{2}$ |
| Feb. 20th, 1935 | 2               | 1 $\frac{1}{2}$ | 1 $\frac{1}{2}$                  | 1 $\frac{1}{2}$                  | 1-1                              | 1 $\frac{1}{2}$          | 1               | 1 $\frac{1}{2}$ |
| Mar. 20th, 1935 | 2               | 1 $\frac{1}{2}$ | 1 $\frac{1}{2}$                  | 1 $\frac{1}{2}$                  | 1-1                              | 1 $\frac{1}{2}$          | 1               | 1 $\frac{1}{2}$ |

## FOREIGN EXCHANGES

| London on            | Parity (prior to Sept. 21, 1931.) | 1933.                   | 1934.                    | 1935.                     |                         |                         |                          |
|----------------------|-----------------------------------|-------------------------|--------------------------|---------------------------|-------------------------|-------------------------|--------------------------|
|                      |                                   | Mar. 22.                | Mar. 21.                 | Feb. 27.                  | Mar. 6.                 | Mar. 13.                | Mar. 20.                 |
| New York—            |                                   |                         |                          |                           |                         |                         |                          |
| (a) Spot ...         | \$4.866                           | 3.42 $\frac{1}{2}$      | 5.11 $\frac{1}{2}$       | 4.86 $\frac{1}{2}$        | 4.74 $\frac{1}{2}$      | 4.74 $\frac{1}{2}$      | 4.76 $\frac{1}{2}$       |
| (b) 3 Months         | —                                 | 3 $\frac{1}{2}$ c. dis. | 1 $\frac{1}{2}$ c. dis.  | 1 $\frac{1}{2}$ c. p.m.   | 1 $\frac{1}{2}$ c. p.m. | 1 $\frac{1}{2}$ c. p.m. | 1 $\frac{1}{2}$ c. p.m.  |
| Montreal ...         | \$4.866                           | 4.12                    | 5.11 $\frac{1}{2}$       | 4.86 $\frac{1}{2}$        | 4.84 $\frac{1}{2}$      | 4.80 $\frac{1}{2}$      | 4.82 $\frac{1}{2}$       |
| Paris—               |                                   |                         |                          |                           |                         |                         |                          |
| (a) Spot ...         | Fr. 124.21                        | 87 $\frac{1}{2}$        | 77 $\frac{1}{2}$         | 73 $\frac{1}{2}$          | 71 $\frac{1}{2}$        | 71 $\frac{1}{2}$        | 72 $\frac{1}{2}$         |
| (b) 3 Months         | —                                 | 20c. dis.               | 67 $\frac{1}{2}$ c. dis. | 26c. dis.                 | 18c. dis.               | 19c. dis.               | 24 $\frac{1}{2}$ c. dis. |
| Berlin—              |                                   |                         |                          |                           |                         |                         |                          |
| (a) Official ...     | Mk. 20.43                         | 14.37 $\frac{1}{2}$     | 12.89                    | 12.03 $\frac{1}{2}$       | 11.68 $\frac{1}{2}$     | 11.72                   | 11.85                    |
| (b) Registered Marks | —                                 | —                       | 32 $\frac{1}{2}$ % dis.  | 34 $\frac{1}{2}$ % dis.   | 37% dis.                | 39 $\frac{1}{2}$ % dis. | 40 $\frac{1}{2}$ % dis.  |
| Amsterdam ...        | Fl. 12.11                         | 8.50                    | 7.58 $\frac{1}{2}$       | 7.14 $\frac{1}{2}$        | 6.94 $\frac{1}{2}$      | 6.96 $\frac{1}{2}$      | 7.04                     |
| Brussels ...         | Bel. 35                           | 24.59 $\frac{1}{2}$     | 21.91                    | 20.66 $\frac{1}{2}$       | 20.17 $\frac{1}{2}$     | 20.21                   | 20.40                    |
| Milan ...            | Li. 92.46                         | 66 $\frac{1}{2}$        | 59 $\frac{1}{2}$         | 56 $\frac{1}{2}$          | 56 $\frac{1}{2}$        | 56 $\frac{1}{2}$        | 57 $\frac{1}{2}$         |
| Zurich ...           | Fr. 25.22 $\frac{1}{2}$           | 17.75 $\frac{1}{2}$     | 15.80                    | 14.92                     | 14.50                   | 14.55 $\frac{1}{2}$     | 14.70                    |
| Stockholm ...        | Kr. 18.16                         | 18.87 $\frac{1}{2}$     | 19.39                    | 19.39 $\frac{1}{2}$       | 19.39 $\frac{1}{2}$     | 19.39 $\frac{1}{2}$     | 19.39 $\frac{1}{2}$      |
| Madrid ...           | Ptas. 25.22 $\frac{1}{2}$         | 40 $\frac{1}{2}$        | 37 $\frac{1}{2}$         | 35 $\frac{1}{2}$          | 34 $\frac{1}{2}$        | 34 $\frac{1}{2}$        | 34 $\frac{1}{2}$         |
| Vienna ...           | Sch. 34.58 $\frac{1}{2}$          | 31 $\frac{1}{2}$        | 28 $\frac{1}{2}$         | 26                        | 25 $\frac{1}{2}$        | 25 $\frac{1}{2}$        | 25 $\frac{1}{2}$         |
| Prague ...           | Kr. 164 $\frac{1}{2}$             | 115 $\frac{1}{2}$       | 122 $\frac{1}{2}$        | 115 $\frac{1}{2}$         | 112 $\frac{1}{2}$       | 112 $\frac{1}{2}$       | 113 $\frac{1}{2}$        |
| Buenos Aires ...     | 47.62d.                           | 40 $\frac{1}{2}$        | 36 $\frac{1}{2}$         | 15 $\frac{1}{2}$          | 15 $\frac{1}{2}$        | 15 $\frac{1}{2}$        | 15 $\frac{1}{2}$         |
| Rio de Janeiro ...   | 5.89d.                            | 5 $\frac{1}{2}$         | 4 $\frac{1}{2}$          | 4 $\frac{1}{2}$           | 4 $\frac{1}{2}$         | 4 $\frac{1}{2}$         | 4 $\frac{1}{2}$          |
| Valparaiso ...       | Pes. 40                           | 56.70 $\frac{1}{2}$     | 50.00 $\frac{1}{2}$      | 94.35 $\frac{1}{2}$       | 92.10 $\frac{1}{2}$     | 92.10 $\frac{1}{2}$     | 92.10 $\frac{1}{2}$      |
| Bombay ...           | 18d.                              | 18 $\frac{1}{2}$ d.     | 18 $\frac{1}{2}$ d.      | 18 $\frac{1}{2}$ d.       | 18 $\frac{1}{2}$ d.     | 18 $\frac{1}{2}$ d.     | 18 $\frac{1}{2}$ d.      |
| Hong Kong ...        | —d.                               | 15 $\frac{1}{2}$ d.     | 18 $\frac{1}{2}$ d.      | 23d.                      | 23 $\frac{1}{2}$ d.     | 24 $\frac{1}{2}$ d.     | 23 $\frac{1}{2}$ d.      |
| Kobe ...             | 24.57d.                           | 1/3 $\frac{1}{2}$       | 1/2 $\frac{1}{2}$        | 1/2                       | 1/2 $\frac{1}{2}$       | 1/2 $\frac{1}{2}$       | 1/2 $\frac{1}{2}$        |
| Shanghai ...         | —d.                               | 20 $\frac{1}{2}$ d.     | 16 $\frac{1}{2}$ d.      | 19 $\frac{1}{2}$ d.       | 19 $\frac{1}{2}$ d.     | 19 $\frac{1}{2}$ d.     | 19 $\frac{1}{2}$ d.      |
| Gold price ...       | per oz.                           | 120s. 9d.               | 136s. 0d.                | 143s. 11 $\frac{1}{2}$ d. | 149s. 4d.               | 148s. 0d.               | 145s. 6d.                |
| Silver price ...     | per oz.                           | 17 $\frac{1}{2}$ d.     | 19 $\frac{1}{2}$ d.      | 25 $\frac{1}{2}$ d.       | 26 $\frac{1}{2}$ d.     | 27 $\frac{1}{2}$ d.     | 27 $\frac{1}{2}$ d.      |

\* Nominal. † Official Rate. ‡ Kr. 197.10, since devaluation of Kroner on February 17th, 1934.

§ Prior to January, 14th, 1935, rates represent pence per gold peso, henceforward paper pesos to the £.

|| Revalued on January 1st, 1935.

## PUBLIC REVENUE AND EXPENDITURE

|  | 1930-31.     | 1931-32.     | 1932-33.     | 1933-34.     | 1934 to<br>Mar. 17. | 1935 to,<br>Mar. 16. |
|--|--------------|--------------|--------------|--------------|---------------------|----------------------|
|  | £ mn.        | £ mn.        | £ mn.        | £ mn.        | £ mn.               | £ mn.                |
| <b>REVENUE—</b>  |              |              |              |              |                     |                      |
| Income Tax ... ..  | 256.0        | 287.4        | 251.5        | 228.9        | 217.9               | 218.5                |
| Sur-Tax ... ..   | 67.8         | 76.7         | 60.7         | 52.6         | 47.7                | 46.1                 |
| Estate Duties ... ..   | 82.6         | 65.0         | 77.1         | 85.3         | 83.0                | 77.2                 |
| Stamps ... ..  | 20.7         | 17.1         | 19.2         | 22.7         | 19.3                | 20.5                 |
| Customs ... ..   | 121.4        | 136.2        | 167.2        | 179.2        | 172.3               | 178.0                |
| Excise ... ..  | 124.0        | 119.9        | 120.9        | 107.0        | 104.9               | 100.2                |
| Motor Vehicle Duties<br>(Exchequer Share)...                 | 4.9          | 5.0          | 5.0          | 5.2          | 5.4                 | 5.3                  |
| Other Tax Revenue ... ..                                     | 3.9          | 3.2          | 3.1          | 2.6          | 1.2                 | 1.2                  |
| <b>Total Tax Revenue ... ..</b>                              | <b>681.3</b> | <b>710.5</b> | <b>704.7</b> | <b>683.5</b> | <b>651.7</b>        | <b>647.0</b>         |
| Post Office ... ..   | 10.1         | 11.5         | 10.9         | 13.1         | 16.7                | 15.6                 |
| Crown Lands ... ..   | 1.3          | 1.3          | 1.2          | 1.2          | 1.2                 | 1.3                  |
| Receipts from Sundry Loans                                   | 32.9         | 13.8         | 5.1          | 4.7          | 4.6                 | 4.4                  |
| Miscellaneous Receipts ... ..                                | 50.3*        | 33.9*        | 22.9         | 22.1         | 21.8                | 13.1                 |
| <b>Total Non-tax Revenue ... ..</b>                          | <b>94.6</b>  | <b>60.5</b>  | <b>40.1</b>  | <b>41.1</b>  | <b>44.3</b>         | <b>34.4</b>          |
| <b>Total Ordinary Revenue ... ..</b>                         | <b>775.9</b> | <b>771.0</b> | <b>744.8</b> | <b>724.6</b> | <b>696.0</b>        | <b>681.4</b>         |
| Post Office ... ..   | 59.0         | 58.0         | 59.3         | 59.3         | 54.1                | 56.6                 |
| Road Fund ... ..   | 22.9         | 22.5         | 22.9         | 25.5         | 25.0                | 26.0                 |
| <b>Total Self-balancing Revenue...</b>                       | <b>81.9</b>  | <b>80.5</b>  | <b>82.2</b>  | <b>84.8</b>  | <b>79.1</b>         | <b>82.6</b>          |
| <b>EXPENDITURE—</b>  |              |              |              |              |                     |                      |
| National Debt Interest ... ..                                | 293.2        | 289.5        | 262.3        | 212.9        | 211.1               | 209.9                |
| Payments to N. Ireland ... ..                                | 6.4          | 6.3          | 7.0          | 6.6          | 5.8                 | 5.8                  |
| Other Cons. Fund Services...                                 | 2.9          | 3.1          | 3.3          | 4.1          | 3.3                 | 3.0                  |
| Post Office Fund ... ..                                      | —            | —            | —            | —            | —                   | 2.3                  |
| Supply Services ... ..                                       | 429.8        | 439.2        | 458.3        | 458.8        | 443.3               | 454.9                |
| <b>Total Ordinary Expenditure ... ..</b>                     | <b>732.3</b> | <b>738.1</b> | <b>730.9</b> | <b>682.4</b> | <b>663.5</b>        | <b>675.9</b>         |
| Sinking Fund... ..   | 66.8         | 32.5         | 17.2         | 7.7          | 7.2                 | 10.5                 |
| Payments to U.S. Govt. ... ..                                | †            | †            | 29.0         | 3.3          | 3.3                 | —                    |
| <b>Self-balancing Expenditure<br/>(As per contra) ... ..</b> | <b>81.9</b>  | <b>80.5</b>  | <b>82.2</b>  | <b>84.8</b>  | <b>79.1</b>         | <b>82.6</b>          |

\* Includes Appropriation from Rating Relief Suspense Account.

† Included under National Debt Interest.

## PRODUCTION

|                               | Coal.      | Pig-Iron.   | Steel.      |
|-------------------------------|------------|-------------|-------------|
|                               | Tons mill. | Tons thous. | Tons thous. |
| Total 1913 ... ..             | 287.4      | 10,260      | 7,664       |
| " 1925 ... ..                 | 243.2      | 6,262       | 7,385       |
| " 1929 ... ..                 | 257.9      | 7,589       | 9,636       |
| " 1930 ... ..                 | 243.9      | 6,192       | 7,326       |
| " 1931 ... ..                 | 219.5      | 3,773       | 5,203       |
| " 1932 ... ..                 | 208.7      | 3,574       | 5,261       |
| " 1933 ... ..                 | 207.1      | 4,136       | 7,024       |
| " 1934 ... ..                 | 221.0      | 5,979       | 8,860       |
| Total to February, 1934... .. | 39.5       | 856         | 1,418       |
| Total to February, 1935... .. | 38.8       | 1,004       | 1,527       |

 BOARD OF TRADE PRODUCTION INDEX NUMBER  
 (1924 = 100)

|  | Complete Year. |       |       | 1933.   | 1934.   |         |         |         |
|--|----------------|-------|-------|---------|---------|---------|---------|---------|
|  | 1932.          | 1933. | 1934. | 4th Qr. | 1st Qr. | 2nd Qr. | 3rd Qr. | 4th Qr. |
| Mines and Quarries ...                   | 77.5           | 76.9  | 82.8  | 82.8    | 89.0    | 78.8    | 76.9    | 86.5    |
| Iron and Steel ...                       | 66.2           | 82.2  | 102.6 | 93.7    | 104.7   | 104.3   | 98.2    | 103.2   |
| Non-Ferrous Metals                       | 96.3           | 101.9 | 148.4 | 120.7   | 117.1   | 142.1   | 151.0   | 183.5   |
| Engineering and Ship-<br>building ... .. | 88.6           | 96.0  | 112.1 | 100.4   | 108.1   | 111.8   | 113.1   | 115.2   |
| Textiles ... ..                          | 85.1           | 89.8  | 92.0  | 95.9    | 96.1    | 91.0    | 86.2    | 94.7    |
| Chemicals ... ..                         | 98.1           | 101.0 | 105.5 | 106.0   | 106.7   | 107.1   | 103.1   | 105.1   |
| Leather and Boots ...                    | 96.4           | 106.2 | 106.9 | 101.7   | 110.7   | 108.1   | 99.1    | 109.7   |
| Food, Drink and<br>Tobacco ... ..        | 97.6           | 99.2  | 104.7 | 102.7   | 99.7    | 107.6   | 104.8   | 106.8   |
| Total* ... ..                            | 93.3           | 98.6  | 110.5 | 105.0   | 110.3   | 110.3   | 106.0   | 116.0   |

\* Includes paper and printing, gas and electricity, rubber, cement and tiles.

## UNEMPLOYMENT

## (a) Percentage of Insured Workers

| Date.     | 1928. | 1929. | 1930. | 1931. | 1932. | 1933. | 1934. | 1935. |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|
| End of—   |       |       |       |       |       |       |       |       |
| January   | 10.7  | 12.3  | 12.4  | 21.5  | 22.4  | 23.1  | 18.6  | 17.7  |
| February  | 10.4  | 12.1  | 12.9  | 21.7  | 22.0  | 22.8  | 18.1  | 17.5  |
| March     | 9.5   | 10.0  | 13.7  | 21.5  | 20.8  | 21.9  | 17.2  |       |
| April     | 9.5   | 9.8   | 14.2  | 20.9  | 21.4  | 21.3  | 16.6  |       |
| May       | 9.8   | 9.7   | 15.0  | 20.8  | 22.1  | 20.4  | 16.2  |       |
| June      | 10.7  | 9.6   | 15.4  | 21.2  | 22.2  | 19.4  | 16.4  |       |
| July      | 11.6  | 9.7   | 16.7  | 22.0  | 22.8  | 19.5  | 16.7  |       |
| August    | 11.6  | 9.9   | 17.1  | 22.0  | 23.0  | 19.1  | 16.5  |       |
| September | 11.4  | 10.0  | 17.6  | 22.6  | 22.8  | 18.4  | 16.1  |       |
| October   | 11.8  | 10.3  | 18.7  | 21.9  | 21.9  | 18.1  | 16.4  |       |
| November  | 12.2  | 10.9  | 19.1  | 21.4  | 22.2  | 17.9  | 16.4  |       |
| December  | 11.2  | 11.0  | 20.2  | 20.9  | 21.7  | 17.5  | 16.1  |       |

## (b) Actual Numbers Unemployed (in thousands)

|   | Mar.,<br>1929. | Mar.,<br>1931. | Mar.,<br>1932. | Mar.,<br>1933. | Feb.,<br>1934. | Mar.,<br>1934. | Jan.,<br>1935. | Feb.,<br>1935. |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Number of Insured<br>Persons unem-<br>ployed— |                |                |                |                |                |                |                |                |
| Wholly unemployed                             | 920            | 1,933          | 2,129          | 2,205          | 1,898          | 1,814          | 1,843          | 1,819          |
| Temporarily stopped                           | 200            | 613            | 427            | 511            | 347            | 317            | 360            | 359            |
| Normally in casual<br>employment ...          | 84             | 120            | 104            | 105            | 98             | 94             | 92             | 94             |
| Total ...                                     | 1,204          | 2,666          | 2,660          | 2,821          | 2,343          | 2,225          | 2,295          | 2,272          |

## RAILWAY TRAFFIC RECEIPTS

|                                  | Four Weeks ended. |        |                  |        | Aggregate for 11 Weeks. |        |                  |        |
|----------------------------------|-------------------|--------|------------------|--------|-------------------------|--------|------------------|--------|
|                                  | March 17, 1934.   |        | March 16, 1935.  |        | 1934.                   |        | 1935.            |        |
|                                  | Pas-<br>sengers.  | Goods. | Pas-<br>sengers. | Goods. | Pas-<br>sengers.        | Goods. | Pas-<br>sengers. | Goods. |
|                                  | £ mn.             | £ mn.  | £ mn.            | £ mn.  | £ mn.                   | £ mn.  | £ mn.            | £ mn.  |
| Great Western ...                | 0.6               | 1.2    | 0.6              | 1.1    | 1.7                     | 3.2    | 1.7              | 3.1    |
| London & North<br>Eastern* ...   | 1.0               | 2.3    | 1.0              | 2.2    | 2.6                     | 6.3    | 2.7              | 6.1    |
| London Midland &<br>Scottish ... | 1.5               | 3.0    | 1.5              | 2.9    | 4.0                     | 7.9    | 4.0              | 7.8    |
| Southern ...                     | 0.9               | 0.4    | 0.9              | 0.4    | 2.5                     | 1.1    | 2.6              | 1.0    |
| Total ...                        | 4.0               | 6.9    | 4.0              | 6.6    | 10.8                    | 18.5   | 11.0             | 18.0   |

\* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

## RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

|                                      | Feb.,<br>1932. | Feb.,<br>1933. | Feb.,<br>1934. | Jan.,<br>1935. | Feb.,<br>1935. |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| By CATEGORIES : Great Britain        | %              | %              | %              | %              | %              |
| Total ... ..                         | - 4.5          | -3.4           | +3.0           | +4.2           | + 4.9          |
| Food & Perishables ... ..            | - 4.7          | -3.9           | +3.0           | +4.3           | + 5.2          |
| Other Merchandise of which           |                |                |                |                |                |
| Piece-goods* ... ..                  | - 3.7          | -7.8           | -1.7           | -2.8           | - 5.9          |
| (i) Household Goods ... ..           | —              | —              | -5.4           | -1.5           | - 3.9          |
| (ii) Dress Materials ... ..          | —              | —              | +1.6           | -3.8           | - 6.8          |
| Women's Wear* ... ..                 | - 4.1          | -3.1           | +0.6           | +3.1           | + 3.7          |
| (i) Fashion Departments ... ..       | - 3.5          | -2.2           | +2.1           | +7.1           | + 7.0          |
| (ii) Girls' & Children's Wear ... .. | - 3.1          | -4.1           | -0.3           | +3.8           | + 0.4          |
| (iii) Fancy Drapery ... ..           | - 6.6          | -3.7           | -0.3           | Nil            | + 1.8          |
| Men's & Boys' Wear ... ..            | - 3.2          | -1.2           | +6.5           | +7.2           | +11.5          |
| Boots & Shoes ... ..                 | - 6.1          | +1.7           | -3.2           | +9.2           | + 9.3          |
| Furnishing Departments ... ..        | + 1.4          | -7.4           | +12.2          | +3.9           | + 2.2          |
| Hardware ... ..                      | - 2.0          | +3.8           | +7.1           | -0.6           | + 2.7          |
| Fancy Goods ... ..                   | + 1.6          | -0.6           | +2.1           | +5.5           | + 2.4          |
| Sports & Travel ... ..               | + 2.0          | -2.9           | +5.2           | +7.8           | + 8.0          |
| Miscellaneous & Unallocated... ..    | - 3.5          | -1.4           | +1.1           | +4.3           | + 4.6          |
| By AREAS—                            |                |                |                |                |                |
| All Categories—                      |                |                |                |                |                |
| Scotland ... ..                      | - 6.2          | -1.5           | +0.1           | +6.9           | + 4.0          |
| Wales & North of England ... ..      | - 5.4          | -5.5           | +2.2           | +3.4           | + 5.2          |
| South of England ... ..              | - 3.9          | -2.8           | +5.3           | +4.6           | + 4.9          |
| London, Central & West End ... ..    | - 2.1          | -2.6           | +1.7           | +3.0           | + 1.8          |
| London, Suburban ... ..              | - 3.6          | -1.2           | +3.9           | +5.2           | + 7.0          |

\* Including some goods which cannot be allocated to sub-headings.



## OVERSEAS TRADE

| Date.                   | IMPORTS. |                |                     |        | EXPORTS. |                |                     |        |
|-------------------------|----------|----------------|---------------------|--------|----------|----------------|---------------------|--------|
|                         | Food.    | Raw Materials. | Manufactured Goods. | Total. | Food.    | Raw Materials. | Manufactured Goods. | Total. |
| <b>Monthly Average—</b> | £ mn.    | £ mn.          | £ mn.               | £ mn.  | £ mn.    | £ mn.          | £ mn.               | £ mn.  |
| 1925 ... ..             | 47.5     | 35.4           | 26.6                | 110.1  | 4.6      | 7.0            | 51.4                | 64.4   |
| 1929 ... ..             | 44.6     | 28.3           | 27.9                | 101.7  | 4.6      | 6.6            | 47.8                | 60.8   |
| 1930 ... ..             | 39.6     | 20.9           | 25.6                | 87.0   | 4.0      | 5.3            | 36.7                | 47.6   |
| 1931 ... ..             | 34.7     | 14.4           | 21.8                | 71.8   | 3.0      | 3.9            | 24.3                | 32.6   |
| 1932 ... ..             | 31.1     | 13.7           | 13.1                | 58.5   | 2.7      | 3.6            | 23.0                | 30.4   |
| 1933 ... ..             | 28.4     | 15.0           | 12.6                | 56.3   | 2.4      | 3.8            | 23.4                | 30.6   |
| 1934 ... ..             | 28.9     | 17.5           | 14.3                | 61.0   | 2.5      | 4.0            | 25.4                | 33.0   |
| February, 1934 ...      | 25.6     | 18.2           | 13.2                | 57.4   | 2.6      | 4.0            | 22.7                | 30.1   |
| February, 1935 ...      | 26.3     | 16.2           | 13.6                | 56.3   | 2.1      | 4.2            | 26.8                | 34.1   |

## SOME LEADING IMPORTS

| Date.                   | Wheat.         | Iron Ore and Scrap. | Raw Cotton.                | Raw Wool.                  | Hides, Wet and Dry. | Wood Pulp.    | Rubber.                    | Iron and Steel Manufactures. |
|-------------------------|----------------|---------------------|----------------------------|----------------------------|---------------------|---------------|----------------------------|------------------------------|
| <b>Monthly Average—</b> | (thous. cwts.) | (thous. tons)       | (thous. cents of 100 lbs.) | (thous. cents of 100 lbs.) | (thous. cwts.)      | (thous. tons) | (thous. cents of 100 lbs.) | (thous. tons)                |
| 1925 ... ..             | 8,071          | 373                 | 1,578                      | 606                        | 155                 | 103           | 163                        | 227                          |
| 1929 ... ..             | 9,314          | 480                 | 1,283                      | 678                        | 98                  | 137           | 330                        | 235                          |
| 1930 ... ..             | 8,731          | 363                 | 1,011                      | 652                        | 108                 | 128           | 326                        | 243                          |
| 1931 ... ..             | 9,952          | 185                 | 909                        | 707                        | 106                 | 122           | 237                        | 237                          |
| 1932 ... ..             | 8,803          | 159                 | 1,048                      | 765                        | 105                 | 153           | 176                        | 133                          |
| 1933 ... ..             | 9,366          | 234                 | 1,169                      | 793                        | 120                 | 162           | 189                        | 81                           |
| 1934 ... ..             | 8,554          | 392                 | 1,054                      | 659                        | 116                 | 187           | 395                        | 114                          |
| February, 1934 ...      | 7,366          | 318                 | 1,308                      | 1,224                      | 132                 | 143           | 277                        | 123                          |
| February, 1935 ...      | 7,812          | 368                 | 920                        | 784                        | 120                 | 150           | 391                        | 103                          |

## SOME LEADING EXPORTS

| Date.                   | Coal.         | Iron and Steel. | Machinery.    | Cotton Yarns. | Cotton Piece-Goods. | Woollen Tissues.  | Worsted Tissues.  | Motor Cars. |
|-------------------------|---------------|-----------------|---------------|---------------|---------------------|-------------------|-------------------|-------------|
| <b>Monthly Average—</b> | (thous. tons) | (thous. tons)   | (thous. tons) | (mill. lbs.)  | (mill. sq. yds.)    | (thous. sq. yds.) | (thous. sq. yds.) | (number)    |
| 1925 ... ..             | 4,235         | 311             | 43            | 11.3          | 370                 | 11,015            | 3,942             | 1,481       |
| 1929 ... ..             | 5,022         | 365             | 47            | 11.8          | 306                 | 9,016             | 3,940             | 1,991       |
| 1930 ... ..             | 4,573         | 263             | 40            | 11.1          | 201                 | 6,587             | 2,893             | 1,602       |
| 1931 ... ..             | 3,563         | 165             | 27            | 11.4          | 143                 | 4,694             | 2,479             | 1,429       |
| 1932 ... ..             | 3,242         | 157             | 25            | 13.9          | 183                 | 4,461             | 2,358             | 2,246       |
| 1933 ... ..             | 3,256         | 160             | 23            | 15.8          | 169                 | 5,110             | 2,741             | 2,821       |
| 1934 ... ..             | 3,305         | 188             | 28            | 10.9          | 166                 | 5,745             | 2,773             | 2,909       |
| February, 1934 ...      | 3,359         | 142             | 21            | 11.3          | 168                 | 6,110             | 3,406             | 3,404       |
| February, 1935 ...      | 2,796         | 173             | 30            | 12.3          | 174                 | 6,792             | 3,412             | 4,358       |

## PRICES

## 1. WHOLESALE PRICES

| Date.                  | Index Number (Sept. 16th, 1931 = 100). |        |         |        |          |
|------------------------|--|--------|---------|--------|----------|
|                        | U.K.                                   | U.S.A. | France. | Italy. | Germany. |
| Average 1913 ...       | 115.8                                  | 101.1  | 111.1   | 112.0  | 91.9     |
| 1925 ...               | 177.9                                  | 152.3  | 154.1   | 148.9  | 130.2    |
| 1929 ...               | 150.9                                  | 139.4  | 141.3   | 146.0  | 126.1    |
| 1930 ...               | 129.3                                  | 125.1  | 124.3   | 125.0  | 103.8    |
| 1931 ...               | 107.7                                  | 103.5  | 105.5   | 103.5  | 101.9    |
| 1932 ...               | 103.5                                  | 89.3   | 92.0    | 93.1   | 88.7     |
| 1933 ...               | 103.5                                  | 93.7   | 87.7    | 86.6   | 85.7     |
| 1934 ...               | 106.4                                  | 111.1  | 83.1    | 84.2   | 90.4     |
| End February, 1934 ... | 108.9                                  | 107.9  | 86.1    | 84.1   | 88.0     |
| " January, 1935 ...    | 106.9                                  | 118.3  | 79.1    | 85.6   | 92.8     |
| " February, 1935 ...   | 105.9                                  | 118.9  | 78.6    | 87.0   | 92.7     |

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

## 2. RETAIL PRICES (cost of living)

| Date.             | Food. | Rent<br>(including<br>Rates). | Clothing. | Fuel<br>and<br>Light. | Other<br>Items<br>included. | All<br>Items<br>included. |
|-------------------|-------|-------------------------------|-----------|-----------------------|-----------------------------|---------------------------|
| End of 1925 ...   | 71    | 48                            | 125       | 80-85                 | 80                          | 75                        |
| 1929 ...          | 57    | 52                            | 115       | 75                    | 80                          | 66                        |
| 1930 ...          | 38    | 54                            | 105       | 75                    | 75                          | 53                        |
| 1931 ...          | 31    | 54                            | 90        | 75                    | 75                          | 47                        |
| 1932 ...          | 23    | 55                            | 85        | 70-75                 | 70-75                       | 42                        |
| 1933 ...          | 24    | 56                            | 85        | 70-75                 | 70-75                       | 42                        |
| 1934 ...          | 25    | 56                            | 85-90     | 70-75                 | 70-75                       | 43                        |
| End Feb., 1934... | 20    | 56                            | 85        | 70-75                 | 70-75                       | 40                        |
| " Jan., 1935...   | 24    | 56                            | 85-90     | 70-75                 | 70                          | 42                        |
| " Feb., 1935...   | 22    | 56                            | 85-90     | 70-75                 | 70                          | 41                        |

The figures represent the percentage increase above July, 1914, which is equal to 100.

## 3. COMMODITY PRICES (average for month)

| Date.            | Wheat<br>No. 1<br>N.<br>Manitoba. | Sugar<br>Centrifugals<br>U.K.   | Cotton<br>American<br>Middling. | Wool<br>64's<br>tops avg.        | Pig-Iron,<br>Cleveland<br>No. 3.  | Tin,<br>Standard<br>Cash.       | Rubber,<br>Plantation<br>Sheet. |
|------------------|-----------------------------------|---------------------------------|---------------------------------|----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
|                  | per qr.<br>s. d.                  | per cwt.<br>s. d.               | per lb.<br>d.                   | per lb.<br>d.                    | per ton<br>s. d.                  | per ton<br>£                    | per lb.<br>d.                   |
| Average 1913 ... | 36 10                             | —                               | 7.01                            | 29.7 <sup>1</sup> / <sub>2</sub> | 58 1 <sup>1</sup> / <sub>2</sub>  | —                               | 36 <sup>1</sup> / <sub>2</sub>  |
| 1925 ...         | 66 4 <sup>1</sup> / <sub>2</sub>  | 12 9                            | 12.65                           | 54 <sup>1</sup> / <sub>2</sub>   | 72 9 <sup>1</sup> / <sub>2</sub>  | 261 <sup>1</sup> / <sub>2</sub> | 34 <sup>1</sup> / <sub>2</sub>  |
| 1929 ...         | 54 0 <sup>1</sup> / <sub>2</sub>  | 9 0 <sup>1</sup> / <sub>2</sub> | 10.29                           | 38 <sup>1</sup> / <sub>2</sub>   | 70 4 <sup>1</sup> / <sub>2</sub>  | 203 <sup>1</sup> / <sub>2</sub> | 10 <sup>1</sup> / <sub>2</sub>  |
| 1930 ...         | 40 1 <sup>1</sup> / <sub>2</sub>  | 6 7                             | 7.44                            | 26 <sup>1</sup> / <sub>2</sub>   | 67 0                              | 142 <sup>1</sup> / <sub>2</sub> | 5 <sup>1</sup> / <sub>2</sub>   |
| 1931 ...         | 28 2 <sup>1</sup> / <sub>2</sub>  | 6 4 <sup>1</sup> / <sub>2</sub> | 5.08                            | 23 <sup>1</sup> / <sub>2</sub>   | 58 7                              | 118 <sup>1</sup> / <sub>2</sub> | 3 <sup>1</sup> / <sub>2</sub>   |
| 1932 ...         | 30 6 <sup>1</sup> / <sub>2</sub>  | 5 9 <sup>1</sup> / <sub>2</sub> | 5.29                            | 22 <sup>1</sup> / <sub>2</sub>   | 58 6                              | 136 <sup>1</sup> / <sub>2</sub> | 2 <sup>1</sup> / <sub>2</sub>   |
| 1933 ...         | 28 2                              | 5 4                             | 5.53                            | 28 <sup>1</sup> / <sub>2</sub>   | 62 3                              | 194 <sup>1</sup> / <sub>2</sub> | 3 <sup>1</sup> / <sub>2</sub>   |
| 1934 ...         | 30 11                             | 4 8 <sup>1</sup> / <sub>2</sub> | 6.66                            | 30 <sup>1</sup> / <sub>2</sub>   | 66 10 <sup>1</sup> / <sub>2</sub> | 230                             | 6 <sup>1</sup> / <sub>2</sub>   |
| Feb., 1934 ...   | 28 6                              | 5 5 <sup>1</sup> / <sub>2</sub> | 6.58                            | 38                               | 65 0                              | 226 <sup>1</sup> / <sub>2</sub> | 4 <sup>1</sup> / <sub>2</sub>   |
| Jan., 1935 ...   | 33 2 <sup>1</sup> / <sub>2</sub>  | 4 3 <sup>1</sup> / <sub>2</sub> | 7.14                            | 24 <sup>1</sup> / <sub>2</sub>   | 67 6                              | 231 <sup>1</sup> / <sub>2</sub> | 6 <sup>1</sup> / <sub>2</sub>   |
| Feb., 1935 ...   | 33 3                              | 4 3 <sup>1</sup> / <sub>2</sub> | 7.10                            | 23 <sup>1</sup> / <sub>2</sub>   | 67 6                              | 227 <sup>1</sup> / <sub>2</sub> | 6 <sup>1</sup> / <sub>2</sub>   |



# LLOYDS BANK

LIMITED

## *Executor and Trustee Dept.*

If friends or relations are appointed Executors or Trustees, there can be no certainty that they will be alive or available when the time arrives for them to act. There can be no such doubt if Lloyds Bank is appointed.

The Bank offers to customers and others continuous and expert administration, and is responsible for the safe custody of the Trust funds. Full particulars may be obtained through any Branch.

*Head Office :  
71 Lombard Street,  
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CAUSTON  
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